

Memorandum



To : ADIC WMFO [redacted] (P)

Date 9/28/94

From : SA [redacted]

Subject : [redacted]

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Dates of Contact

6/9/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1 - [redacted]

1 - [redacted]

① 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

46A-WF-179870-44
 [Handwritten initials and signature]
 174

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/16/94

On June 9, 1994, [] was telephonically contacted and provided the following the following information:

Cooperating Witness (CW) stated that, sometime after CAMBRIDGE TECHNICAL INSTITUTE (CTI) shut down and HENRY WHITESELL was murdered [] had []

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CW recalled that, at the beginning of the U.S. DEPARTMENT OF EDUCATION (DOE) audit of CTI during August, 1990, WHITESELL called him/her at night at the CTI office in Middletown, Ohio. [] later called back about a meeting at CTI's corporate headquarters in Cincinnati, Ohio. CW remembered that [] had been in Washington, D.C., around the time of the start of the DOE audit.

CW advised that a Grand Jury in Cincinnati heard evidence regarding improprieties at CTI. [] told CW that, if he/she was subpoenaed to testify, he [] would pay CW's legal expenses. [] went so far as to make an appointment with an attorney. CW recalled that the attorney was located on Central Avenue. CW never met with the attorney and never testified before the Grand Jury.

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CW informed that his/her attorney, [] had looked and could not find any computer disks or other records pertaining to CTI that CW may have given her.

(telephonically)

Investigation on 6/9/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UU

by SA []

Date dictated 6/16/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 6/9/94, Page 2

CW stated that he/she had not had any contact with
 since speaking with him around June 2, 1994.

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Memorandum



To : ADIC WMFO [redacted] (P)

Date 9/14/94

From : SA [redacted] (C-9)

Subject : [redacted]

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b7D

Dates of Contact

6/16/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU
 [initials] [initials] -175

①
 1- 46A-WF-179870, SUB UU

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU

On 6/16/94, [] advised SA []

[] of the following information:

The Cooperating Witness (CW) advised that he/she had not had any contact with [] since a conversation they had on or about 6/2/94.

CW mentioned that he/she may have archived some of the CAMBRIDGE TECHNICAL INSTITUTE (CTI) and BOHECKER'S BUSINESS COLLEGE (BBC) files documenting payments made by CTI and BBC during late 1990. The archived files might be located on computer disks that CW previously turned over to the FEDERAL BUREAU OF INVESTIGATION (FBI).

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/21/94

[] was interviewed at his place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Office of the Inspector General (OIG), 3535 Market Street, Philadelphia, Pennsylvania, telephone numbers [] and []

[] is the Regional Inspector General for Investigation for the DOE OIG and has been employed with the OIG since 1980. Also participating in the interview was U.S. DEPARTMENT OF JUSTICE (DOJ) Attorney [] After being advised of the identity of the interviewing agent and the nature of the interview, [] provided the following information:

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[] advised that he had interviewed [] on September 19, 1990 regarding problems of []'s school, CAMBRIDGE TECHNICAL INSTITUTE (CTI). [] informed that, on September 10, 1990, he received a call from [], a Desk Officer for DOE in Washington, D.C. [] had met with [], the attorney representing [] [] did not identify [] to [] but indicated that his client had information about some type of cover-up being perpetrated by a school that was currently undergoing a program review by the DOE. [] did some checking and determined that the DOE was conducting an ongoing program review at CTI at that time. [] briefly explained the difference between a program review and an audit, both of which are conducted by branches of the DOE. [] advised that the Institutional Review Branch of the DOE performs periodic program reviews of schools whose students are receiving federal financial aid to ensure that the schools are complying with federal financial aid regulations. [] made reference to a memorandum, dated August 13, 1990, from the DOE Institutional Review Branch to [], Regional Inspector General for Investigation, DOE OIG, in Chicago, Illinois, informing [] that the Institutional Review Branch would be conducting an unannounced program review at CTI beginning on August 20, 1990. [] distinguished program reviews from audits, which are performed by the Office of Audit within the DOE OIG. The Office of Audit conducts audits of a small percentage of institutions

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Investigation on 9/14/94 at Philadelphia, PA File # 46A-WF-179870 Sub UU
by SA []:cas Date dictated 9/21/94
-175X1

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 9/14/94, Page 2

whose students receive federal financial aid funds. Audits are conducted on a very selective basis and usually for cause, such as allegations of misconduct at an institution. Additionally, [REDACTED] mentioned that schools are required to undergo audits by a Certified Public Accountant (CPA) every two years.

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[REDACTED] stated that after talking with [REDACTED] on September 10, 1990, he attempted to contact [REDACTED] to set up a meeting with his client. He advised that [REDACTED] did not maintain a regular office. As a result, [REDACTED] and [REDACTED] made several telephone calls back and forth to one another before they were able to connect. [REDACTED] and [REDACTED] ultimately arranged a meeting with [REDACTED] client at Waterloo, Iowa, on September 19, 1990.

[REDACTED] travelled to Waterloo on September 18, 1990 with DOE Special Agent [REDACTED] for the meeting with [REDACTED] and his client on September 19, 1990. [REDACTED] recalled that the meeting took place at the Holiday Inn in Waterloo. [REDACTED] introduced [REDACTED] to [REDACTED] and [REDACTED] and got the dialogue started. [REDACTED] recalled that [REDACTED] seemed reluctant to talk and "it took awhile for him to get going". [REDACTED] felt [REDACTED] possibly did not want to talk to them, and that he may have been "dragged" into the interview with the DOE. Eventually, [REDACTED] told [REDACTED] and [REDACTED] that the DOE had shown up unannounced at CTI to conduct a program review. [REDACTED] advised that the common practice when DOE conducts a program review is for the reviewers to notify the school in advance and provide the school with a list of students whose files are to be reviewed. No such notice was given to CTI. [REDACTED] continued that HENRY WHITESELL, the owner of CTI, had stolen hundreds of thousands of dollars in Pell Grant Funds through CTI. He indicated that WHITESELL needed money to pay off large gambling debts. When the DOE arrived to conduct the program review, WHITESELL confessed to [REDACTED] that he had taken the excess Pell Grant monies. [REDACTED] claimed that this was the first knowledge he had of the fraud perpetrated by WHITESELL. WHITESELL instructed [REDACTED] to coordinate a group to create false records to cover up his theft of Pell Grant Funds.

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[REDACTED] said that WHITESELL threatened to expose some "personal indiscretions" if he did not go along with WHITESELL's directions to fabricate records to deceive the DOE reviewers.

[REDACTED] did not specifically identify the "personal indiscretions" WHITESELL was threatening him with, but [REDACTED]

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Continuation of FD-302 of [REDACTED], On 9/14/94, Page 3

[REDACTED] suspected that they possibly involved a woman. [REDACTED] told [REDACTED] and [REDACTED] that all falsifications of records by CTI personnel were done at the instruction of WHITESELL.

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[REDACTED] claimed that he had possession of numerous files and records of CTI. Included in the records were approximately 10,000 student files, 2000 of which were considered to be "bad" files. [REDACTED] and [REDACTED] asked [REDACTED] where the records were located. [REDACTED] would not identify the location of the records. He stated that they were secured "in a safe place". [REDACTED] stated that he could not recall ever receiving any documents or records from [REDACTED] and/or [REDACTED]. [REDACTED] stated that he and [REDACTED] may have considered issuing an administrative subpoena to try to obtain the records from [REDACTED].

[REDACTED] advised that [REDACTED] wanted immunity for [REDACTED]. [REDACTED] stated that he and [REDACTED] definitely did not indicate that [REDACTED] would be granted immunity. The most they would have said would have been that they would bring [REDACTED] request to the attention of the U.S. Attorney handling the case. [REDACTED] stated that [REDACTED] had definite ideas concerning how the CTI case should be investigated. [REDACTED] later began making threats to the DOE. [REDACTED] threatened that, if the DOE did not conduct the investigation the way he wanted it handled, he and [REDACTED] would go to the press. [REDACTED] and [REDACTED] ultimately went to the CABLE NEWS NETWORK (CNN) and initiated a feature for which [REDACTED] was interviewed. [REDACTED] recalled that [REDACTED] claimed to have previously worked on a congressional subcommittee.

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[REDACTED] stated that he and [REDACTED] did not tell [REDACTED] to falsify records to fool WHITESELL or for any other purpose. [REDACTED] advised that such advice would have caused problems for the DOE. [REDACTED] stated that he and [REDACTED] definitely would not have directed [REDACTED] to do anything illegal, such as falsifying records. They probably instructed [REDACTED] not to do anything until he heard back from [REDACTED] or [REDACTED]. [REDACTED] stated that he and [REDACTED] possibly told [REDACTED] to "stall" WHITESELL to keep from having to engage in illegal conduct. [REDACTED] advised that he and [REDACTED] "proceeded with caution" with regard to any representations they made to [REDACTED] and/or [REDACTED]. [REDACTED] recalled that the DOE's

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Continuation of FD-302 of _____, On 9/14/94, Page 4

program review of CTI was still open at the time he and _____ met with _____ in Waterloo.

_____ advised that, following the interview with _____ and _____ he and _____ had a meeting. Their immediate reaction was that they did not trust _____. Something about the situation "just didn't seem right". _____ and _____ questioned why _____ was coming to them at that point in time trying to implicate WHITESELL. _____ advised that they arranged to meet with a U.S. Attorney right away to discuss the case because of their suspicions about _____

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_____ was asked whether _____ said anything about contacting the FEDERAL BUREAU OF INVESTIGATION (FBI) with his allegations against WHITESELL and CTI. _____ responded that _____ did not mention anything about working with the FBI or having contacted the FBI before he met with _____ and _____ on September 19, 1990. _____ recalled that the FBI came up during their interview with _____. Either _____ or _____ made disparaging remarks about the FBI.

On September 20, 1990 _____ flew to Cincinnati, Ohio, to meet with Assistant United States Attorney (AUSA) _____ concerning _____ allegations. _____ also met with FBI Special Agent _____. _____ stated that AUSA _____ was skeptical of _____ right away and considered his allegations somewhat farfetched. Additionally, SA _____ had information that reflected negatively on _____ credibility. _____ advised that AUSA _____ declined to grant immunity to _____

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_____ informed that he returned to Philadelphia on September 21, 1990. _____ wrote a report documenting the interview he and _____ had conducted with _____. One copy of this report is attached for incorporation herein. _____ advised that his notes from the _____ interview were destroyed pursuant to DOE procedure when the investigation was officially closed. _____ informed that the DOE opened a case on September 19, 1990 to look into _____ allegations. The investigation was closed on December 17, 1991.

_____ did not recall being contacted by any political figures or their staffs to inquire about DOE's investigation into CTI or to attempt to influence the proceedings in any way.

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 9/14/94, Page 5

[REDACTED] recalled that the name of a congressman came up at some point, he thought possibly in the context of a DOE report.

[REDACTED] advised that the DOE Institutional Review Board assessed a liability of \$1.3 million against the estate of WHITESELL. He was not aware of how the Institutional Review Board arrived at the \$1.3 million figure. [REDACTED] stated that [REDACTED] disclaimed having any ownership interest in CTI.

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[REDACTED] recalled that [REDACTED] tried to portray himself as being really scared of WHITESELL. [REDACTED] stated that he and [REDACTED] suspected that the opposite might be true.

[REDACTED] advised that [REDACTED] may be able to provide additional information concerning their interview of [REDACTED] on September 19, 1990. [REDACTED] was recently stricken with a serious illness and has been away from work for some time. he should be returning to work within a few weeks. [REDACTED] home telephone number is [REDACTED]

Memorandum



To : ADIC WMFO [REDACTED] (P)

Date 10/11/94

From : SA SA [REDACTED] (C-9)

Subject : [REDACTED]

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Dates of Contact

7/7/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

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PERSONAL DATA

46A-WF-179870, SUB UU

1 - [REDACTED]
 ① 46A-WF-179870, SUB UU

1 -

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

10/11/94

46A-WF-179870, SUB UU
CWS/cws

On 7/7/94, [REDACTED] provided the following
information to SA [REDACTED]

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Cooperating Witness (CW) advised that [REDACTED]

CW informed that he/she had found more disks pertaining to his/her employment at CAMBRIDGE TECHNICAL INSTITUTE (CTI) and BOHECKER'S BUSINESS COLLEGE (BBC). The disks contained rosters, drops, and other similar information. CW stated that he/she would turn the disks over to the FEDERAL BUREAU OF INVESTIGATION (FBI) along with some newspaper articles he clipped pertaining to former U.S. Congressman DONALD "BUZ" LUKENS.

CW stated that he/she had not heard from [REDACTED] since around 6/2/94.

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/11/94

From : SA [redacted] (C-9)

Subject : [redacted]

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Dates of Contact

7/8/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

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PERSONAL DATA

46A-WF-179870 SUB UU
 JB JB -177

1

1 - 46A-WF-179870, SUB UU

1 -

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

10/11/94
 [Signature]

46A-WF-179870, SUB UU
CWS/cws

On 7/8/94 [REDACTED] furnished the following
information to SA [REDACTED]

CW informed that, during the last investigation of [REDACTED]
[REDACTED] by the FEDERAL BUREAU OF INVESTIGATION (FBI) during
1990, [REDACTED] was able to steer everything away from himself
and put the blame on his business partner, HENRY WHITESELL, who
was dead. CW suggested that [REDACTED] will attempt to use
similar tactics in the present case against him.

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[REDACTED]
[REDACTED]

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/11/94

From : SA [redacted]

Subject : [redacted]

Dates of Contact

7/14/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

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PERSONAL DATA

46A-WF-179870, SUB UU

-178

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1-46A-WF-179870, SUB UU

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU
CWS/cws

On 7/14/94, [REDACTED] provided the following
information to SA [REDACTED]

The Cooperating Witness (CW) stated that he/she is

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[REDACTED]
[REDACTED] would possibly discover that CW has been in contact
with the FEDERAL BUREAU OF INVESTIGATION (FBI).

[REDACTED]

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/11/94

From : SA [redacted] (C-9)

Subject : [redacted]

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b7D

Dates of Contact

6/29/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU

-179

1 -

1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU

On 6/29/94, [REDACTED] advised that he/she has not
heard from [REDACTED] since a conversation he/she had with
[REDACTED] around 6/2/94.

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C-9

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/5/94

TO : SAC, WMFO (46A-WF-179870 SUB UU)
 FROM : SAC, CINCINNATI (46A-WF-179870) (P)
 SUBJECT : BIG BOUNCE
 MAJOR CASE #55
 (OO:WFO)

Re WMFO airtel to Cincinnati, 7/9/94 and WMFO fax to Cincinnati, 9/16/94.

On 9/21/94, a message was left at [redacted] apartment to contact the Cincinnati FBI after it was determined that he had a new, unpublished telephone number.

On 9/28/94, [redacted] telephonically contacted SA [redacted]. [redacted] explained that the cassette tape and other documents he had relating to [redacted] were currently being held in storage, along with a bunch of his other personal property. He advised that, at present, he is unable to pay his storage bill and, therefore, is unable to retrieve his property. He says he hopes to have enough money to retrieve his goods within two-three weeks and will bring the tape and documents to the Cincinnati Office as soon as he is able. His new telephone number is [redacted].

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LEAD:CINCINNATI DIVISIONAT CINCINNATI, OHIO

Will await [redacted] retrieval of property and forward to WMFO when available.

2-WMFO
 2-Cincinnati

JHL:gmb (4)

46A-WF-179870-180

[Handwritten signatures]

[Handwritten signature]

Approved: *[Signature]*

WE: ☐ Pos ☐ Neg

Transmitted

(Number)

(Time)

Per

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/14/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ) in Washington, D.C. Present during the interview were DOJ attorneys [redacted] and [redacted]. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

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[redacted] advised that he had formerly been employed by CAMBRIDGE TECHNICAL INSTITUTE (CTI). He served as [redacted] [redacted] for a period of time. [redacted] also worked in [redacted] [redacted] believed [redacted] [redacted] the President of CTI, probably asked him to work with [redacted] in financial aid at CTI's corporate headquarters for a short period of time. [redacted] recalled that [redacted] was a clerk in CTI's financial aid division, and [redacted] also possibly worked in financial aid while he was there. [redacted] advised that one of his responsibilities while working in financial aid was to keep track of the number of students entering CTI each quarter. [redacted] and HENRY WHITESELL, the owner of CTI, would make projections of the number of students CTI needed to get enrolled at each of its campuses. When they determined the desired numbers of students, they used those figures to calculate how much money could be drawn by CTI in the form of Pell Grants. [redacted] recalled that students had to attend classes at CTI for something like three or four days to justify the draws of Pell Grant funds by CTI.

[redacted] informed that CTI could estimate the numbers of students it anticipated enrolling at CTI and draw Pell Grants based on the estimates. If CTI estimated larger enrollments than occurred in actuality and drew Pell Grants for the estimated numbers of students, CTI was supposed to refund to the U.S. DEPARTMENT OF EDUCATION (DOE) the Pell monies drawn for students who did not actually attend CTI. [redacted] advised that there were problems with CTI's compliance with the refund requirements. [redacted] stated that WHITESELL would not sign the paperwork necessary to make refunds of the overdrawn Pell funds.

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Investigation on 10/7/94 at Washington, D.C. File # 46A-WF-179870 SUB UU
by SA [redacted] EDS Date dictated 10/12/94 ~~213~~ 180X1

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/7/94, Page 2

[REDACTED] advised that CTI also experienced problems making refunds of Guaranteed Student Loan (GSL) monies collected by CTI for students who dropped out of school. [REDACTED] commented that CTI generally did not make refunds of GSL funds unless the lending banks complained. [REDACTED] recalled receiving letters from banks wondering what had happened to refunds that were supposed to have been sent. [REDACTED] stated that when letters of complaint were received from lenders, then WHITESELL might decide to send refunds. [REDACTED] would sometimes type the checks by which the refunds were made. WHITESELL had to sign the refund checks. [REDACTED] indicated that WHITESELL would sometimes sign checks to allow some GSL refunds to be made. Before signing the checks, WHITESELL would talk with [REDACTED] the bookkeeper for CTI, to determine how much money was available in CTI's bank accounts. He would then make refunds accordingly. b6 b7C

[REDACTED] stated that [REDACTED] was constantly putting pressure on WHITESELL to make the appropriate refunds of Pell and GSL funds. [REDACTED] reiterated that CTI was regularly overdrawing Pell Grant monies and not returning the funds when student enrollments did not support the draws. He also stated that required GSL refunds were not being made by CTI. [REDACTED] stated that [REDACTED] was aware of the problems with Pell Grant and GSL refunds not being made. [REDACTED] advised that [REDACTED] would have talked to [REDACTED] to try to get him to influence WHITESELL to send the money back.

[REDACTED] recalled several lending banks cutting off CTI (refusing to make GSLs to CTI students) because of CTI's failure to make required refunds and the high default rate of CTI's students.

[REDACTED] was questioned about a program review conducted by the DOE of CTI during August, 1990. [REDACTED] advised that he was at CTI's campus in Cincinnati, Ohio. He thought auditors might have shown up at CTI's Dayton, Ohio campus first. [REDACTED] indicated that [REDACTED] was the Director of CTI's Cincinnati campus. [REDACTED] recalled that the DOE reviewers gave them lists of names of students and requested education and financial aid files for those students. [REDACTED] stated that he probably pulled some of the files for the auditors. He remembered that for each CTI student there was a red financial aid file containing student ledgers and similar documents and a manilla-colored education file containing information such as the students' grades. [REDACTED] b6 b7C

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/7/94, Page 3

also recalled pulling big black binders that contained attendance records and individual student attendance cards. After he located the appropriate files and records, [REDACTED] sent them to CTI's corporate headquarters. [REDACTED] thought he might have obtained some of the files and records from CTI's Dayton campus as that location had a lot of space. [REDACTED] commented that all files went through CTI's corporate office before they were provided the DOE reviewers. b6 b7C

[REDACTED] advised that there was an important meeting at CTI's corporate headquarters around the beginning of the DOE review in August, 1990. Initially, WHITESELL and [REDACTED] met privately for a period of time. Then they came out of their conference and walked back to the office where [REDACTED] was waiting, possibly with [REDACTED]. [REDACTED] mentioned that CTI had some problems that they had to do something about. WHITESELL said something to the effect of, "Don't worry about it. He [REDACTED] has some type of plan." WHITESELL then left. After WHITESELL left, [REDACTED] said that WHITESELL wanted them to change and alter records to conceal from the DOE reviewers the fact that WHITESELL had taken financial aid monies to which CTI was not entitled. [REDACTED] stated that [REDACTED] then said that they were not going to do that (participate in a scheme to change records to deceive the DOE). [REDACTED] said that he had spoken to DOE representatives, and he was going to turn the original records over to them. [REDACTED] then talked about how to fool WHITESELL into believing records were being altered when that was not the case.

[REDACTED] stated that they actually created "dummy" records and furnished them to WHITESELL. [REDACTED] stated that he personally made up "dummy" attendance cards. He thought [REDACTED] provided the false attendance cards to WHITESELL. [REDACTED] advised that [REDACTED] worked on student rosters. b6 b7C

During the DOE review, the CTI records were moved to an apartment in Fairfield, Ohio. The original records were then moved by [REDACTED] and [REDACTED] to a STORE-N-LOCK facility between Hamilton and Middletown, Ohio, off Route 4, where they were kept. [REDACTED] reiterated that they created false documents during the period of the DOE program review.

[REDACTED] commented that there was a continuous rivalry at CTI between the admissions and education departments. The

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/7/94, Page 4

admissions people were just concerned with enrolling as many the students. The education people wanted to make sure that all of the individuals enrolled in CTI at least met certain ability-to-benefit standards. The differing motives led to conflicts between the two groups.

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[REDACTED] reviewed a copy of an affidavit entitled, "Chronology of Events By [REDACTED] which he signed on or about April 29, 1991. [REDACTED] stated that [REDACTED] called him and asked if he would sign a statement. [REDACTED] claimed that [REDACTED] did not offer him any inducements to sign the affidavit. [REDACTED] was uncertain as to why [REDACTED] needed him to sign the document at that particular time.

[REDACTED] advised that he received a check for \$1,000 from [REDACTED] a couple of weeks ago. The check from [REDACTED] came to [REDACTED] in the mail. There was no note or explanation included with the \$1,000 check. [REDACTED] stated that he did not know why [REDACTED] sent him the \$1,000 at that time. [REDACTED] advised that he deposited the \$1,000 check into his account at the FIRST NATIONAL BANK OF SOUTHWESTERN OHIO. [REDACTED] admitted that he had talked with [REDACTED] recently and discussed the pending criminal investigation of [REDACTED] and CTI with him. [REDACTED] also stated that he saw [REDACTED] several months ago at MYERS DEPARTMENT STORE and talked with him then.

[REDACTED] was asked about OXFORD TECHNICAL INSTITUTE (OTI). [REDACTED] stated that he and RALPH TURNER were supposed to own OTI.

[REDACTED] informed that he has maintained various records pertaining to CAMBRIDGE CHILD CARE (CCC). Included in the records are bank statements, checks, and correspondence with the Internal Revenue Service (IRS).

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Following the interview, [REDACTED] was served with Federal Grand Jury subpoenas compelling him to provide [REDACTED]

[REDACTED]

62 29
/READ 1480/287
0000 MRI 01480

PP FBICV

DE FBIWMFO #0038 2880155

ZNR UUUUU

P 141747Z OCT 94

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO FBI CLEVELAND/PRIORITY/

BT

UNCLAS

CITE: //3920//

PASS: SSA [REDACTED] AKRON RESIDENT AGENCY.

SUBJECT: BIG BOUNCE; MAJOR CASE #55; OO:WMFO.

ARMED AND DANGEROUS - SUBJECT CARRIES A HANDGUN

RE 9/16/94 TELETYPE FROM WMFO TO CLEVELAND, 9/23/94

AIRTEL FROM CLEVELAND TO WMFO, AND 10/13/94 TELCALL BETWEEN SA

[REDACTED] CLEVELAND DIVISION, AKRON RESIDENT AGENCY, AND

SA [REDACTED] WMFO DIVISION, NORTHERN VIRGINIA

METRO RESIDENT AGENCY.

ADMINISTRATIVE: SUBJECT [REDACTED] IS KNOWN TO

CARRY A HANDGUN OR KEEP A HANDGUN IN THE DESK DRAWER IN HIS

b6
b7C

46A-WF-179870

| | |
|--------------------------------|---------|
| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| OCT 1 1994 | |
| FBI - WASH. METRO FIELD OFFICE | |

Sub uca
-186
M

PAGE TWO DE FBIWMFO 0038 UNCLAS

OFFICE. [REDACTED] IS CONSIDERED TO BE A SUSPECT IN THE OCTOBER, 1990, MURDER OF HIS BUSINESS PARTNER, HENRY WHITESELL. FOR THESE REASONS, [REDACTED] SHOULD BE CONSIDERED ARMED AND DANGEROUS.

FOR INFORMATION OF CLEVELAND, SUBJECT [REDACTED] IS BEING INVESTIGATED FOR NUMEROUS POTENTIAL CRIMINAL VIOLATIONS, INCLUDING FRAUD AGAINST THE U.S. DEPARTMENT OF EDUCATION (DOE) AND MAKING BRIBE PAYMENTS TO U.S. CONGRESSMAN DONALD "BUZ" LUKENS. U.S. DEPARTMENT OF JUSTICE (DOJ) ATTORNEYS HAVE ISSUED A FEDERAL GRAND JURY SUBPOENA FOR [REDACTED] TO APPEAR TO TESTIFY BEFORE THE GRAND JURY IN WASHINGTON, D. C., AND TO PROVIDE [REDACTED]

b6
b7C

[REDACTED] BECAUSE

OF THE QUICKLY APPROACHING RETURN DATE, THE SUBPOENA SHOULD BE SERVED ON [REDACTED] AS SOON AS POSSIBLE. IN REFERENCED TELCALL, ARRANGEMENTS WERE MADE TO SEND THE SUBPOENA TO THE CLEVELAND DIVISION, AKRON R.A. VIA AIR EXPRESS MAIL AND FACSIMILE. ANY QUESTIONS CONCERNING THE BELOW LISTED LEAD CAN BE DIRECTED TO SA [REDACTED] AT TELEPHONE NUMBER

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b7C

[REDACTED] OR PAGER NUMBER [REDACTED]

LEAD:

CLEVELAND DIVISION:

AT RAVENNA, OHIO:

WILL SERVE FEDERAL GRAND JURY SUBPOENA ON [REDACTED]

[REDACTED] OWNS AND OPERATES BOHECKER'S
BUSINESS COLLEGE (BBC), WHICH IS LOCATED AT 161 EAST MAIN
STREET, RAVENNA, OHIO, TELEPHONE NUMBERS [REDACTED] AND

b6
b7C

[REDACTED] MAY ALSO BE ABLE TO BE LOCATED AT
[REDACTED] RAVENNA, OHIO, WHERE HE ALLEGEDLY SHARES
A RESIDENCE WITH [REDACTED] IS A WHITE MALE,

DOB [REDACTED] 5'7" TALL, 180 POUNDS, BROWN HAIR, BROWN EYES,

SSAN [REDACTED] ALSO HAS A RESIDENCE AT [REDACTED]

[REDACTED] MIDDLETOWN, OHIO, TELEPHONE NUMBER [REDACTED]

[REDACTED] WHERE HE POSSIBLY STAYS ON WEEKENDS. [REDACTED] SHOULD
BE CONSIDERED ARMED AND DANGEROUS. ADDITIONALLY, AGENTS
SHOULD BE VERY CAREFUL ABOUT WHAT THEY SAY TO [REDACTED] AS

[REDACTED] ATTORNEY HAS ALREADY MADE FALSE ACCUSATIONS THAT
HIS CLIENT HAS BEEN TREATED IMPROPERLY.

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b7C

ARMED AND DANGEROUS - SUBJECT CARRIES A HANDGUN.

BT

0038

NNNN

Memorandum



To : ADIC, WMFO (46A-WF-179870) (P)

Date 10/18/94

From : SA [redacted]

Subject: BIG BOUNCE;
MAJOR CASE #55;
HOUSE BANK;
OO: WMFO

Reference request from [redacted] C-9 to SA
[redacted] C-17, dated 10/17/94.

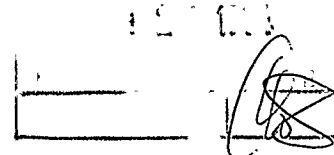
Writer was requested to load the Professional File System (PFS) program onto one stand alone 486 personal computer system located in the office of [redacted] C-9, NVMRA. On 10/18/94, writer created and loaded the applications necessary to allow for PFS to run in a WINDOWS environment. Basic instruction was given to Ms. [redacted] on running PFS and printing out reports for analysis.

b6
b7C

If there are any problems with the PFS application please contact SA [redacted] C-17, at x6358.

1 - (SSA [redacted] C-9)
① - (SA [redacted] C-9)
1 - [redacted] C-9)
1 - (264-WF-C164574, Sub V)
LMB:lmb*
--(4)

46A-WF-179870, SUB 44
B B 182



C-9

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 9/16/94

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO FBI CLEVELAND/ROUTINE/

FBI LOUISVILLE/ROUTINE/

BT

UNCLAS

CITE: //3920//

SUBJECT: BIG BOUNCE; MAJOR CASE #55; OO:WMFO

ARMED AND DANGEROUS - SUBJECT CARRIES A HANDGUN

RE 9/15/94 TELCALL BETWEEN SA [REDACTED] LOUISVILLE
DIVISION, COVINGTON RA, AND SA [REDACTED] WMFO, ^{b6}
9/16/94 TELCALL BETWEEN SSA [REDACTED], CLEVELAND ^{b7C}
DIVISION, AKRON RA, AND SA [REDACTED] AND 6/15/94 TELETYPE FROM
WMFO TO CLEVELAND.

FOR INFORMATION OF RECEIVING OFFICES, CAPTIONED
INVESTIGATION INVOLVES AN ALLEGED BRIBERY OF FORMER U.S.
CONGRESSMAN DONALD "BUZ" LUKENS BY OHIO BUSINESSMAN [REDACTED]

Approved: AJG/199Original filename: 125003.W.259Time Received: 10/1/94Telprep filename: 12500350.259MRI/JULIAN DATE: 141 12100ISN: 007FOX DATE & TIME OF ACCEPTANCE: 9/16/9411:53

46A-WF-179870 UU-183

Zr Zr

Rev'd Q
retr
10/1/94
m

108

^PAGE 2 WMFO (46A-WF-179870 SUB UU) UNCLAS

[REDACTED] THE FEDERAL GRAND JURY IN WASHINGTON, D. C., IS CURRENTLY HEARING TESTIMONY OF NUMEROUS WITNESSES IN THE CASE. SUBPOENAS HAVE BEEN ISSUED BY [REDACTED] AND [REDACTED] TO TESTIFY BEFORE THE GRAND JURY. [REDACTED] IS SCHEDULED TO APPEAR ON [REDACTED] AND [REDACTED] APPEARANCE IS SCHEDULED FOR [REDACTED] [REDACTED] PROBABLY RESIDES IN RAVENNA, OHIO, WHILE [REDACTED] LIVES IN ERLANGER, KENTUCKY. IN THE INTEREST OF TIME, THE GRAND JURY SUBPOENAS HAVE BEEN SENT EXPRESS MAIL TO THE RESIDENT AGENCIES IN AKRON, OHIO, AND COVINGTON, KENTUCKY, RESPECTIVELY PURSUANT TO DISCUSSIONS DURING REFERENCED TELCALLS. ANY QUESTIONS CONCERNING THE SERVICE OF THE ABOVE-STATED SUBPOENAS CAN BE DIRECTED TO SA [REDACTED]. AT TELEPHONE NUMBER [REDACTED] OR PAGER NUMBER [REDACTED] LEADS:

CLEVELAND DIVISION

AT RAVENNA, OHIO

WILL SERVE FEDERAL GRAND JURY SUPBOENA ON [REDACTED]

[REDACTED] WHITE FEMALE, DOB [REDACTED] 5'7", 124 POUNDS, BROWN HAIR, BROWN EYES, SSAN [REDACTED] OHIO DRIVER'S LICENSE [REDACTED] LAST KNOWN ADDRESS WAS [REDACTED]

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b7C

b3
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b7C

^PAGE 3 WMFO (46A-WF-179870 SUB UU) UNCLAS

[] RAVENNA, OHIO 44266. [] POSSIBLY WORKS AT
BOHECKER'S BUSINESS COLLEGE (BBC), 161 EAST MAIN STREET,
RAVENNA, OHIO, TELEPHONE NUMBERS [] AND []
[] MOTHER'S NAME IS [] HAS
BEEN THE GIRLFRIEND OF [] THE PRESIDENT AND
OWNER OF BBC AND ONE OF THE SUBJECTS IN THE CASE. IF
POSSIBLE, [] SHOULD BE SERVED OUT OF THE PRESENCE OF
[] SHOULD BE CONSIDERED ARMED AND
DANGEROUS AS HE IS KNOWN TO CARRY A HANDGUN AND IS CONSIDERED
A SUSPECT IN THE 1990 UNSOLVED MURDER OF HIS FORMER BUSINESS
PARTNER, HENRY WHITESELL. [] WILL LIKELY ATTEMPT TO
INTIMIDATE [] IF HE FINDS OUT SHE HAS BEEN SUBPOENAED BY
THE GRAND JURY.

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LOUISVILLE DIVISION

AT ERLANGER, KENTUCKY

b6
b7C

WILL SERVE FEDERAL GRAND JURY SUBPOENA ON []
[] AT [], ERLANGER, KENTUCKY,
TELEPHONE NUMBER [] IS A WHITE FEMALE,
DOB [] 5'3", 112 POUNDS, BLOND HAIR, GREEN EYES, SSAN

^PAGE 4 WMFO (46A-WF-179870 SUB UU) UNCLAS

[REDACTED] IS USUALLY HOME AFTER ABOUT 7:00 PM IN
THE EVENING.

b6
b7C

ARMED AND DANGEROUS - SUBJECT CARRIES A HANDGUN

BT

United States District Court

Washington

DISTRICT OF

Columbia

TO:

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:

☒ PERSON☐ DOCUMENT(S) OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

U. S. Court House
Third and Constitution Avenue, N.W.
Washington, D.C. 20001

COURTROOM

Grand Jury Room No. 1
Third Floor

DATE AND TIME

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

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b6
b7C

☐ Please see additional information on reverse.

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

U.S. MAGISTRATE IN CHIEF OF COURT

Nancy M. Miller-Whitman, Clerk
(BY) DEPUTY CLERK

DATE

September 13, 1994

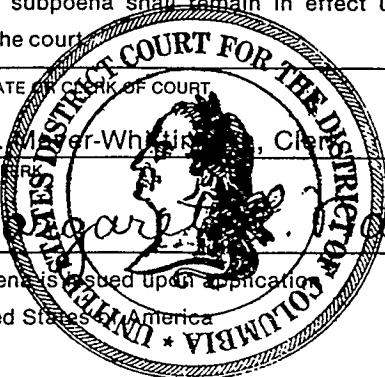
This subpoena is issued upon application
of the United States District Court for the District of Columbia

SEND TO

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

Senior Counsel
House Bank Task Force, Room 2118
U. S. Department of Justice
10th and Constitution Avenue, N.W.
Washington, D.C. 20530 (202) 616-2302

46A-WF-179870 Sub U-184
Zm Zm Copy original
mailed to
U.S. DOJ.
9/29/94



RETURN OF SERVICE (1)

| | | |
|-----------------------|---------|------------------------------|
| RECEIVED BY SERVER | DATE | PLACE |
| | 9/22/94 | U. S. Courthouse Akron, Ohio |
| SERVED | DATE | PLACE |
| | 9/22/94 | [redacted] Ravenna, Ohio |

SERVED ON (PRINT NAME)

SERVED BY (PRINT NAME)

TITLE

Special Agent, FBI

STATEMENT OF SERVICE FEES

| | | |
|--------|---------------|-----------|
| TRAVEL | SERVICES | TOTAL |
| ----- | -----N/A----- | b6 b7C |

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on 9/22/94

Date

Signature of Server

2 South Main Street, Suite #440
Akron, Ohio 44308

Address of Server

ADDITIONAL INFORMATION

(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.

(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9\23\94

Pursuant to the issuance of a subpoena ad
testificandum, contact was made with [REDACTED]
[REDACTED]

Ravenna, Ohio. The Federal Grand Jury Subpoena was issued by the
United States District Court for the District of Washington D.C.,
which required [REDACTED] to appear before the Grand Jury in
Washington D. C. on [REDACTED] was instructed to
contact [REDACTED] House Bank Task Force, for any
further information on the appearance.

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b7C

Investigation on 9\22\94 at Ravenna, Ohio File # 46A-WF-179870 - JUB ucu-185

by SA [REDACTED] Date dictated 9\22\94

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/23/94

TO : SAC WMFO (46A-WF-179870 SUB UU) (C-9)
 FROM : SAC, CLEVELAND (46A-WF-179870) (RUC) (ARA)
 SUBJECT : BIG BOUNCE;
 MAJOR CASE #55;
 FAG;
 OO: WMFO

Reference WMFO TelCall to CV on 9/21/94.

Enclosed for WMFO is a Federal Grand Jury Subpoena (FJGS) and the original and two copies of an FD-302, which reflects the service of the FGJS on [redacted] in Ravenna, Ohio, on 9/22/94.

All investigation within the Cleveland Division has been completed to date and forwarded to WMFO. Therefore, SAC, Cleveland considers this matter RUC.

② - WMFO
 2 - Cleveland
 (4)
 JRG

46A-WF-179870, SUB UU

| | |
|--|---|
| SEARCHED <input checked="" type="checkbox"/> | INDEXED <input checked="" type="checkbox"/> |
| SERIALIZED <input checked="" type="checkbox"/> | FILED <input checked="" type="checkbox"/> |
| SEP 26 1994 | |
| FBI-WASHINGTON FIELD | |

-186

Approved: _____

Transmitted _____

(Number) (Time)

Per _____

Rec'd @
 rotor 10/21/94
 JRG

CS

United States District Court

Washington

DISTRICT OF

Columbia

TO:

SUBPOENA TO TESTIFY
BEFORE GRAND JURY

SUBPOENA FOR:

☒ PERSON☐ DOCUMENT(S) OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

U. S. Court House
Third and Constitution Avenue, N.W.
Washington, D.C. 20001

COURTROOM

Grand Jury Room No. 1
Third Floor

DATE AND TIME



b3
b6
b7C

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

☐ Please see additional information on reverse.

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

U.S. MAGISTRATE or CLERK OF COURT

Nancy M. [Signature]
(BY) DEPUTY CLERK

DATE

August 30, 1994

This subpoena is issued upon application
of the United States District Court for the District of Columbia

SEND TO

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

Senior Counsel
House Bank Task Force, Room 2118
U. S. Department of Justice
10th & Constitution Avenue, N.W.
Washington, D.C. 20530 (202) 616-2300

RETURN OF SERVICE (1)

RECEIVED
BY SERVER

DATE

9-20-94

PLACE

CRESTVIEW HILLS, KY.

SERVED

DATE

9-23-94

PLACE

ERLANGER, KY

SERVED ON (PRINT NAME)

SERVED BY (PRINT NAME)

TITLE

SPECIAL AGENT, FBI

STATEMENT OF SERVICE FEES

TRAVEL

SERVICES

TOTAL

b6

b7C

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on 9-23-94
Date

[Signature]
Signature of Server

P.O. Box 17747, FT. MITCHELL, KY. 41017
Address of Server

ADDITIONAL INFORMATION

- (1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.
- (2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

C9

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/26/94

TO : SAC, WMFO
 FROM *WDF/10/21/94* : SAC, LOUISVILLE (46A-WF-179870 SUB UU) (RUC)
 SUBJECT : BIG BOUNCE;
 MAJOR CASE #55;
 OO: WF

Re WMFO teletype to Louisville of 9/17/94.

Enclosed for WMFO is the executed Grand Jury subpoena issued by the U.S. District Court, Washington District of Columbia served on [redacted]

On 9/21/94, [redacted] was telephonically contacted regarding enclosed subpoena. Due to the fact that she would not be available to receive the subpoena until 9/23/94, she was given the U.S. Attorney information so that she could make travel arrangements. On 9/23/94, [redacted] was given a copy of the subpoena.

b6
 b7C

② - WMFO (Enc. 1) *WDF*
 2 - Louisville
 (1 - 46A-WF-179870)
 (1 - Case Agent)
 DEC/md
 (4)

| | | |
|---|---|------------------------------|
| UCFN | <input checked="" type="checkbox"/> Pos | <input type="checkbox"/> Neg |
| GENERAL INDICES: | | |
| <input type="checkbox"/> Automated Search | 1* | |
| WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | AX: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | |
| <input type="checkbox"/> Manual Search | | |
| WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | AX: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | |
| Transmitted | | |

Approved:

(Number)

(Time)

46A-WF-179870 sub UU-168

| | |
|------------------|--------------------|
| SEARCHED 16 | INDEXED |
| SERIALIZED | FILED |
| OCT 05 1994 | |
| FBI - WASHINGTON | |
| Per | <i>[Signature]</i> |

DEC/94

*Rec'd @
 rotor
 10/21/94
 WDF*

Memorandum



To : ADIC WMFO [redacted] (P)

Date 9/27/94.

From : SA [redacted] (C-9)

Subject : [redacted]

b6
b7C
b7D

Dates of Contact

7/20/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU

[Handwritten initials] *[Handwritten initials]* -190

1 - [redacted]
 ① 46A-WF-179870, SUB UU

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU
CWS/cws

On 7/20/94 [REDACTED] provided the following
information to SA [REDACTED]

Cooperating Witness (CW) advised that the daughter of
his/her boss, [REDACTED], had been asked out on a date by [REDACTED]
[REDACTED] ex-husband, [REDACTED] went out with [REDACTED]
During the date, [REDACTED] asked [REDACTED] numerous questions about
HENRY WHITESELL, [REDACTED] and CW. CW thinks
that [REDACTED] might have been working for [REDACTED] to gather
information about CW and to determine CW's position on issues
concerning activities at CAMBRIDGE TECHNICAL INSTITUTE (CTI) and
BOHECKER'S BUSINESS COLLEGE (BBC).

b6
b7C
b7D



Memorandum



To : ADIC WMFO [redacted] (P)

Date 9/28/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

7/25/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

b6

b7C

b7D

Purpose and results of contact

☐ NEGATIVE☒ POSITIVE☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU

1 - [redacted]
 ① 46A-WF-197870, SUB UU

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

FD-209

RB/A

46A-WF-179870, SUB UU
CWS/cws

On 7/25/94, [redacted] furnished the following
information to SA [redacted]

Cooperating Witness (CW) stated that he/she thinks that
[redacted] will continue to "probe" to determine whether CW
is on his side. CW does not believe [redacted] knows he/she is
cooperating with the FEDERAL BUREAU OF INVESTIGATION (FBI) at the
present time, but he/she thinks [redacted] will continue to try
to find out.

b6
b7C
b7D

CW stated that he/she "knows" [redacted] CW

[redacted]
[redacted] CW commented that
[redacted] is a ruthless person who will stop at nothing to
protect himself. CW warned that [redacted] should not be
underestimated.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/4/94

On 9/29/94, [redacted] provided the following information to SA [redacted]

Cooperating Witness (CW) advised that he/she received a telephone call from [redacted] informed him/her that [redacted] had been subpoenaed to testify before the Grand Jury in Washington, D.C. [redacted] said something to the effect of, "They're going after [redacted] indicated that it was the FEDERAL BUREAU OF INVESTIGATION (FBI) that was pursuing [redacted] also said something like, "They tried to get [redacted] CW asked [redacted] if he got everything straightened out with [redacted] to which [redacted] responded, "I think so." [redacted] suggested that CW will be the next person the FBI attempts to contact. [redacted] told CW that, if he/she is called, he [redacted] will send his lawyer, [redacted] along to "protect" CW.

b6
b7C
b7D

[redacted] told CW that no indictment was forthcoming against him. [redacted] stated that the FBI was just in the investigative stage. During the course of their conversation, [redacted] asked CW a question to the effect of, [redacted]

[redacted] also requested that CW [redacted]

CW advised that [redacted] is trying to sell BOHECKER'S BUSINESS COLLEGE (BBC). He may hire a marketing firm to help sell the school. [redacted] said that BBC was currently \$125,000 in debt, compared to \$250,000 in debt at the time of WHITESELL's death. [redacted] indicated that he wants to buy a RALLY'S RESTAURANT franchise. [redacted] implied that there could be a job available for CW in the new company, although he did not make a specific offer.

b6
b7C
b7D

CW stated that he/she expects [redacted] to try to meet with him/her face-to-face after [redacted] returns from testifying before the Grand Jury.

(telephonically)

Investigation on 9/29/94 at Washington, D.C. File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 10/4/94

-191x1

Memorandum



To : ADIC WMFO [redacted] (P)

Date 9/30/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

8/3/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

b6

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b7D

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870-44-193
 [Handwritten initials]

1

1

1-46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/10/94

[redacted] was contacted at his/her place of employment and provided the following information:

Cooperating Witness (CW) talked about affidavits (which he/she described as "depositions") that [redacted] had [redacted] sign after the demise of CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] claimed that the affidavits were necessary "to protect us." CW stated that [redacted] was extremely adamant that the affidavits say that he [redacted] had no knowledge of any improprieties at CTI until the time that auditors from the U.S. DEPARTMENT OF EDUCATION (DOE) arrived at CTI's location to conduct an unannounced program review in August, 1990. [redacted]

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[redacted] attorney, [redacted]
[redacted]
[redacted]

CW described [redacted] as a "shyster." He/she commented that [redacted] shared everything with [redacted] CW recalled that [redacted] had gone to see [redacted] at an apartment where [redacted] was working in Fairfield, Ohio.

CW mentioned that he/she had found a check disk containing a computer listing of checks related to CTI and/or BOHECKER'S BUSINESS COLLEGE (BBC). He/she indicated that archive files #9-13 contained records of payments made during 1988 and 1989.

(telephonically)

Investigation on 8/3/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 8/10/94

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/3/94

From : SA [redacted] (C-9)

Subject : [redacted]

b6
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Dates of Contact

8/4/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870 UU-194

1

1-46A-WF-179870, SUB UU

1 -

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU
CWS/cws

On 8/4/94, [] telephonically contacted
SA [] and provided the following information:

Cooperating Witness (CW) advised that []
is trying to get [] to represent him in the matter
currently being investigated by the FEDERAL BUREAU OF
INVESTIGATION (FBI). However, CW indicated that []
possibly does not have a license to practice law. CW believes
[] is now working as a lobbyist.

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CW informed that he/she possesses what he/she believes
is possibly [] personal phone directory. CW also has
a letter sent to him/her by the office of U.S. Congressman DONALD
E. "BUZ" LUKENS pertaining []
[] Additionally, he/she has a receipt for a
computer that was given to [] by [] CW stated
that he/she will turn over the foregoing items to the FBI.

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CW advised that he/she is not aware of any instance
where anyone has "crossed" [] and not had []
get even with them. CW is concerned that his/her cooperation
with the FBI may result in a serious reprisal from []

Chronology of Events Surrounding
U.S. DEPARTMENT OF EDUCATION
Program Review of CAMBRIDGE
TECHNICAL INSTITUTE

- 8/18/90 - [] flies from Dayton, Ohio, to Washington, D.C., via U.S. AIR flight #1519.
- 8/20/90 - [] writes \$5000 check payable to U.S. Congressman DONALD E. LUKENS. b6 b7C
- 8/21/90 - At 11:40 a.m., U.S. DEPARTMENT OF EDUCATION (DOE) Program Reviewers arrive unannounced at Cincinnati campus of CAMBRIDGE TECHNICAL INSTITUTE (CTI). OHIO STUDENT LOAN COMMISSION (OSLC) Compliance Officers also arrive unannounced at CTI's Dayton campus.
- 8/21/90 - [] flies from Washington, D.C., to Dayton via U.S. AIR flight #686.
- 8/22/90 - At 3:46 p.m., a one minute telephone call is made from CTI's offices to telephone number (202) 225-6205, the telephone number for LUKENS' office in Washington.
- 8/22/90 - At 3:51 p.m., a one minute telephone call is made from CTI's offices to telephone number (202) 401-1028.
- 8/22/90 - At 5:14 p.m., a one minute telephone call is made from CTI's offices to telephone number (202) 225-6205 (LUKENS).
- 8/22/90 - DOE Section Chief on-site at CTI program review receives call from [] of DOE's Office of Congressional Affairs in Washington. [] relates telephone call received by DOE from LUKENS complaining about DOE review on behalf of his constituent, []
[]
- 8/24/90 - A 14 minute telephone call is made from CTI's offices to telephone number (202) 225-2587, currently a non-working number at the U.S. House of Representatives. b6 b7C
- 8/24/90 - At 2:30 p.m., DOE reviewers leave CTI location.
- 8/25/90 - [] writes a \$2000 check payable []
[] for "Legal Counsel."
- 8/27/90 - DOE Reviewers return to CTI location.
- 8/27/90 - A one minute call is made from CTI's offices to telephone number (202) 225-6205 (LUKENS). 46A-WF-179870, SUB UU

[] 23

- 8/29/90 - A five minute call is made from CTI's offices to telephone number (202) 659-2460.
- 8/31/90 - At 1:45 p.m., DOE Reviewers leave CTI location.
- 9/3/90 - At 10:23 p.m., a four minute call is made from CTI's offices to telephone number (202) 479-4766, the telephone number for [REDACTED].
- 9/4/90 - A one minute call is made from CTI's offices to telephone number (202) 225-6205 (LUKENS). b6 b7C
- 9/5/90 - A six minute call is made from CTI's offices to telephone number [REDACTED] the telephone number for [REDACTED].
- 9/5/90 - A one minute call is made from CTI's offices to telephone number (202) 225-6205 (LUKENS).
- 9/5/90 - [REDACTED] of the DOE in Washington, D.C., is telephonically contacted by [REDACTED] claims to represent a client who has information about a school that is defrauding the DOE out of financial aid monies. [REDACTED] does not identify his client. [REDACTED] and [REDACTED] arrange a meeting on 9/8/90.
- 9/6/90 - A four minute call is made from CTI's offices to telephone number (202) 401-2113.
- 9/6/90 - A 10 minute call is made from CTI's offices to telephone number (202) 708-8269.
- 9/8/90 - At around 9:00 a.m. or 10:00 a.m., [REDACTED] meets with [REDACTED] on [REDACTED] boat which is harbored at a marina in Washington, D.C. [REDACTED] vaguely describes his client's circumstances but does not identify his client.
- 9/10/90 - DOE Reviewers return to CTI location. b6 b7C
- 9/10/90 - [REDACTED] telephonically contacts Special Agent (SA) [REDACTED] of the DOE Office of the Inspector General (OIG) in Philadelphia, Pennsylvania, regarding his meeting with [REDACTED].
- 9/10/90 - At 11:36 a.m., a one minute call is made from CTI's offices to telephone number [REDACTED].
- 9/10/90 - At 2:02 p.m., a one minute call is made from CTI's offices to telephone number [REDACTED].
- 9/11/90 - SA [REDACTED] contacts [REDACTED] regarding DOE's program review of CTI.

- 9/12/90 - A one minute call is made from CTI's offices to telephone number [REDACTED]
- 9/13/90 - A one minute call is made from CTI's offices to telephone number [REDACTED]
- 9/14/90 - DOE completes on-site review of CTI.
- 9/17/90 - A two minute call is made from CTI's offices to telephone number (804) 648-6742, the telephone number for the ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING (ACCET).
- 9/19/90 - A one minute call is made from CTI's offices to telephone number (804) 648-6742 (ACCET).
- 9/19/90 - From 11:15 a.m. to 3:30 p.m. [REDACTED] and [REDACTED] meet with SA [REDACTED] and SA [REDACTED] at the Holiday Inn in Waterloo, Iowa. [REDACTED] makes statement implicating HENRY WHITESELL in fraud perpetrated by CTI on DOE. [REDACTED] offers his cooperation in exchange for immunity.
- 9/19/90 - [REDACTED] writes \$5000 check payable to [REDACTED]
- 9/20/90 - SA [REDACTED] meets with SA [REDACTED] and SSA [REDACTED] of the FBI regarding [REDACTED] and the situation at CTI. This is apparently the first notification the FBI received about the present situation involving [REDACTED] (although the FBI had information in its files pertaining to prior cases in which [REDACTED] was involved). SA [REDACTED] reports information from prior investigations which reflects negatively on [REDACTED] credibility.
- 9/20/90 - SA [REDACTED] and SA [REDACTED] meet with Cincinnati Assistant U.S. Attorney (AUSA) [REDACTED] regarding [REDACTED] CTI case.
- 9/21/90 - [REDACTED] calls SA [REDACTED] from Austin, Texas.
- 9/23/90 - [REDACTED] writes \$5000 check payable to LUKENS.
- 9/25-26/90 - SA [REDACTED] contacts DOE Program Reviewers in Chicago Illinois, about review of CTI.
- 9/26/90 - A 16 minute call is made from CTI's offices to telephone number (804) 648-6742 (ACCET).
- 9/26/90 - A one minute call is made from CTI's offices to telephone number (202) 401-0709.

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9/27/90 - A meeting is held with AUSA [redacted] In attendance are SA [redacted] and SA [redacted] of the FBI, SA [redacted] and [redacted] (Last Name Unknown), an attorney working with [redacted] in the representation of [redacted]

10/2/90 - The Cincinnati FBI Office opens an investigation on LOUIS HENRY WHITESELL and CTI (213A-CI-58003).

10/3/90 - A one minute call is made from telephone number [redacted] [redacted] registered to [redacted] at [redacted] [redacted] Fairfield, Ohio, to telephone number [redacted]

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10/4/90 - A one minute call is made from telephone number [redacted] [redacted] to telephone number [redacted].

10/10/90 - A one minute call is made from CTI's offices to telephone number [redacted] which is currently the number for [redacted]

10/10/90 - An eight minute telephone call is made from CTI's offices to telephone number (202) 708-9250.

10/16/90 - A two minute call is made from telephone number [redacted] [redacted] to telephone number (202) 708-9807, which is currently the number for "Pell Grants."

10/16/90 - A two minute call is made from telephone number [redacted] [redacted] to telephone number [redacted]

10/16/90 - A one minute call is made from telephone number [redacted] [redacted] to telephone number (202) 708-9231.

10/19/90 - A one minute call is made from telephone number [redacted] [redacted] to telephone number [redacted].

10/23/90 - At 4:02 p.m., a one minute call is made from telephone number [redacted] to telephone number (202) 225-6205 (LUKENS).

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10/23/90 - At 4:03 p.m., a one minute call is made from telephone number [redacted] to telephone number (202) 225-6205 (LUKENS).

10/23/90 - At 4:06 p.m., a 20 minute call is made from telephone number [redacted] to telephone number (202) 863-2115, LUKENS' home telephone number.

10/28/90 - WHITESELL is murdered in Cincinnati area.

10/29/90 - At 4:22 p.m., a one minute call is made from telephone number [REDACTED] to telephone number [REDACTED]

10/29/90 - At 5:11 p.m., a one minute call is made from telephone number [REDACTED] to telephone number (202) 863-2115 (LUKENS' home number).

10/30/90 - A seven minute call is made from telephone number [REDACTED] to telephone number [REDACTED]

10/31/90 - A one minute call is made from telephone number [REDACTED] to telephone number [REDACTED]

10/31/90 - A one minute call is made from telephone number [REDACTED] to telephone number [REDACTED]

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The following investigation was conducted by Special Agent (SA) [] in Falls Church, Virginia, on the date indicated:

On 10/27/94, SA [] was contacted at the FEDERAL BUREAU OF INVESTIGATION (FBI) Office in Cincinnati, Ohio, telephone number []. SA [] advised that, around the end of September, 1990, he was contacted about a situation involving a local school, CAMBRIDGE TECHNICAL INSTITUTE (CTI), that had been defrauding the U.S. DEPARTMENT OF EDUCATION (DOE) out of financial aid funds and was then falsifying records to obstruct an audit being conducted by the DOE. SA [] recalled that he was initially contacted by the DOE Office of the Inspector General (OIG). SA [] believed the DOE OIG had first gone to the Cincinnati United States Attorney's Office. Assistant United States Attorney (AUSA) [] referred the DOE OIG to the FBI. The DOE OIG had interviewed [], the President of CTI, about the situation at CTI. [] had told the DOE OIG representatives that the problems at CTI were the fault of HENRY WHITESELL, and that he had no prior knowledge of any illegal activities going on at CTI.

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SA [] advised that he checked the Cincinnati Division indices on []. He determined that, several years earlier, [] had been involved in the falsification of records to cover up a financial aid fraud at another school. SA [] reported the information to the DOE OIG and AUSA [].

[] was requesting immunity in return for his cooperation. SA [] advised that, based on the information concerning [] prior involvement in illegal activity, AUSA [] decided that they could not offer immunity to [] until his role in the fraud was developed through investigation. SA [] commented that [] "hadn't told the whole story."

About a week after his initial contact with the DOE OIG, SA [] attended a meeting at the U.S. Attorney's Office. AUSA [] was at the meeting along with a representative of the DOE OIG. [] was present at the meeting and was represented by a female attorney from a law firm in Columbus, Ohio. She was filling in for [] lawyer, [].

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SA [] stated that [] wanted immunity from prosecution. AUSA [] would not grant immunity to []. SA [] recalled that AUSA [] instead offered [] the opportunity to plead guilty to one felony charge. SA [] advised that, when [] request for immunity was denied, the meeting essentially ended. SA [] stated that he did not have any subsequent interviews with [].

SA [] could not recall whether, during the above-stated meeting at the Cincinnati U.S. Attorney's Office, [] admitted to falsifying records and providing them to the DOE. SA [] advised that [] statements were consistent with what was documented in the DOE OIG report of their interview with [] several days earlier.

SA [] stated that [] did not contact the FBI about the situation at CTI prior to the aforementioned meeting at the U.S. Attorney's Office. SA [] commented that [] did not want the FBI involved and deliberately "bypassed" the FBI. [] was aware that the FBI had information about his participation in similar illegal conduct several years before. [] knew that that information could hinder his chances of getting immunity. SA [] advised that there is no record in the FBI files of [] contacting the FBI about CTI's situation at any time before the meeting at the U.S. Attorney's Office. SA [] stated that, if [] had told employees at CTI that he had had a meeting with the FBI prior to that time, [] would have been lying.

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SA [] recalled that, on or about the night WHITESELL was killed, [] said he had gone to the FBI about the illegal activities at CTI. [] claimed that he was going to "take the fall" for the problems at CTI. [] was claiming to have cancer. [] said that, since he was suffering from cancer, he would not have to go to jail.

SA [] commented that [] wanted to acquire full ownership of BOHECKER'S BUSINESS COLLEGE (BBC), a school he owned as a partner with WHITESELL.

SA [] advised that he wrote a memorandum, dated 10/1/90, regarding the initiation of his investigation of CTI. That memorandum was the first serial in the file related to the activities of CTI described by [] in his interview with the DOE OIG during September, 1990. A notation on the memorandum indicates that the Cincinnati FBI Office opened the case on 10/2/90. One copy of the memorandum is attached for incorporation herein.

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Memorandum



To : SAC, CI (213A-25)) (P)

Date 10/1/90

From : SA [REDACTED]

FILE

CONSOLIDATED INTO 213A-25 WP

213B-33 L. HENRY WHITESELL
00-179B-128

Subject : LOUIS HENRY WHITESELL, dba
Cambridge Technical Institute;
FAG-DOED; 213A-25
(OO:CI)

Information has been received from OIG-DOED, Philadelphia, Pa. that their office was recently approached by the attorney for [REDACTED] Director of Education of captioned institution, indicating he had only recently been requested to falsify attendance records of some students by WHITESELL, to be provided to DOED auditors who are conducting an audit of captioned institution.

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[REDACTED] told investigators that he was also partners with WHITESELL in another institution that was "clean". He also indicated that he believed Cambridge was "clean" until this recent development.

Review of captioned case and CI 213A-11 indicates that captioned institution has probably been falsifying records back to 1985 with [REDACTED] being a participant. WHITESELL and [REDACTED] were also involved in the doctoring of records at another institution in 213A-11. Therefore, AUSA [REDACTED] has indicated that no immunity will be granted to [REDACTED] until his full role in the fraud is developed by investigation. AUSA [REDACTED] has indicated a willingness to prosecute if falsification of records can be established.

Captioned matter should be reopened and assigned to the writer.

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LOUIS HENRY WHITESELL is a white, male, born: 9/3/41, SSAN: 306-42-4529, and a resident at 2358 Bedford Avenue, Cincinnati, Ohio. [REDACTED] is a white, male, born [REDACTED], SSAN: [REDACTED] and a resident of [REDACTED] Road, Middletown, Ohio.

2 - CI
JHL/shl
(2)

WP 10/2/90
Re O+A -
aw: CI
S



213A-CI-58003-51

AUTOMATIC INDEXED

| | |
|------------------|---------|
| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| OCT 1 1990 | |
| FBI - CINCINNATI | |

TOTAL P.02

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/19/94

Pursuant to the issuance of a subpoena ad
testificandum, contact was made with [redacted]
[redacted] Boheckers Business College, 161 East Main Street,
Ravenna, Ohio. The Federal Grand Jury Subpoena was issued by the
United States District Court for the District of Washington D.C.,
which required [redacted] to appear before the Grand Jury in
Washington D. C. on [redacted] was
instructed to contact [redacted] House Bank Task Force,
for any further information on the appearance.

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Investigation on 10\19\94 at Ravenna, Ohio File # 46A-WF-179870 SUB uA
by SAs [redacted] Date dictated 10\19\94 *TBF* *-196*



U.S. Department of Justice

Washington, D.C. 20530

October 17, 1994

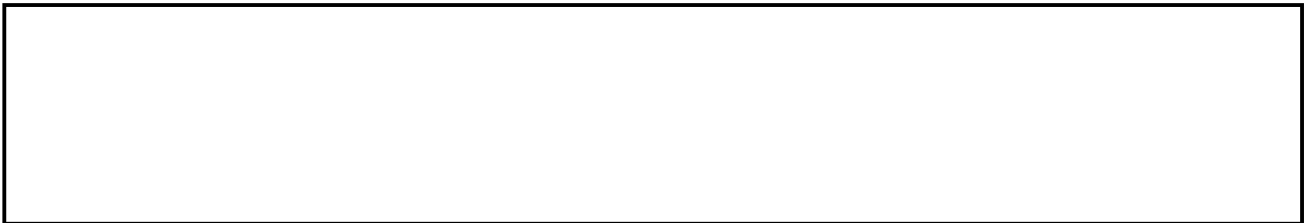


ge

Dear Mr. [REDACTED]

The U.S. Department of Justice encourages prosecutors to notify an individual in appropriate cases that he or she is a target of a Grand Jury investigation. Accordingly, we advised you by letter dated June 15, 1994, that you are a target of a Grand Jury investigation in the District of Columbia concerning suspected violations of Title 18, United States Code. A 'target' is a person as to whom the prosecutors or the Grand Jury have substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutors, is a putative defendant.

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We refer you to the U.S. Marshal in Akron, Ohio, telephone 216-375-5800, for any questions regarding reimbursement for travel expenses incurred in connection with your compliance with this subpoena.

You or your counsel may call Special Agent [REDACTED] of the FBI if you have questions regarding this subpoena. He may be reached by telephone at [REDACTED]



Senior Counsel) *WFA* WF-179870 UC-
House Bank Task Force
Criminal Division

199
10/20
10/20
10/20

United States District Court

Grand Jury No. 92-1

Washington

DISTRICT OF

Columbia

TO:



SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:



PERSON



DOCUMENT(S) OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

U.S. Court House
Third and Constitution Avenue, N.W.
Washington, D.C. 20001

COURTROOM

Grand Jury Room No. 1
Third Floor

DATE AND TIME



YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*



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Please produce handwriting exemplars, fingerprints and photographs.

☐ Please see additional information on reverse.

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting behalf of the court.

U.S. MAGISTRATE OR CLERK OF COURT

Nancy M. Miller-Whitman, Clerk
(BY) DEPUTY CLERK

DATE

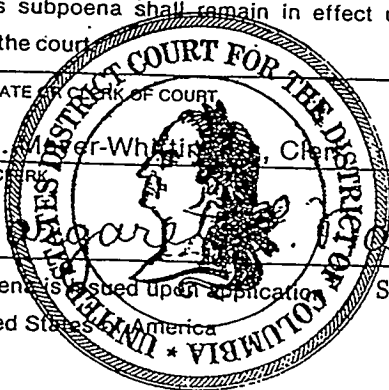
October 14, 1994

This subpoena is issued upon application
of the United States District Court for the District of Columbia

SEND TO:

NAME ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
Senior Counsel

House Bank Task Force, Room 2118
U.S. Department of Justice
10th and Constitution Avenue, N.W.
Washington, D.C. 20530 (202) 616-2300



Original returned to
10/31/94
DOJ

RETURN OF SERVICE (1)

| | | |
|--------------------|------------------|---------------------------------------|
| RECEIVED BY SERVER | DATE 10/18/94 | PLACE U. S. Courthouse Akron, Ohio |
| SERVED | DATE 10/19/94 | PLACE <div></div> |

SERVED ON (PRINT NAME)

SERVED BY (PRINT NAME)

TITLE

Special Agents, FBI

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STATEMENT OF SERVICE FEES

| | | |
|---------------|----------|-------|
| TRAVEL | SERVICES | TOTAL |
| -----N/A----- | | ----- |

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on 10/19/94

Date

Signature of Server

2 South Main Street, Suite #440
Akron, Ohio 44308

Address of Server

ADDITIONAL INFORMATION

- (1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.
- (2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

ADVICE OF RIGHTS

In accordance with Department of Justice regulations, this Advice of Rights form is attached to all Federal Grand Jury subpoenas regardless of the status, culpability, or involvement of the person who receives such a subpoena.

1. A witness before the Grand Jury may refuse to answer any question if a truthful answer to the question would tend to incriminate the witness.

2. Anything said by a witness before the Grand Jury may be used against the witness by the Grand Jury or in a subsequent legal proceeding.

3. If a witness has retained counsel, the Grand Jury will permit the witness a reasonable opportunity to step outside the Grand Jury room to consult with counsel if the witness so desires.

If you have any questions, please call the Attorney whose name appears on the face of the subpoena.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/19/94

TO : ADIC WMFO (46A-WF-179870 SUB UU) (C-9)
 FROM : SAC, CLEVELAND (46A-WF-179870) (P) (ARA)
 SUBJECT : BIG BOUNCE;
 MAJOR CASE #55;
 FAG;
 OO: WMFO

Reference WMFO TelCall and TT to CV on 10/14/94.

Enclosed for WMFO is a Federal Grand Jury Subpoena (FJGS) and the original and two copies of an FD-302, which reflects the service of the FGJS on [redacted] in Ravenna, Ohio, on 10/19/94.

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 b7C

② - WMFO
 2 - Cleveland
 (4)
 JRG

| | | |
|---|---|------------------------------|
| UCFN | <input checked="" type="checkbox"/> Pos | <input type="checkbox"/> Neg |
| GENERAL INDEXES: | | |
| <input type="checkbox"/> Indexed Search | | |
| WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | EX: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | |
| Approved: <input type="checkbox"/> Search | | |
| WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg | EX: <input type="checkbox"/> Transmitted | <input type="checkbox"/> Neg |

(Number) (Time)

Per

46A-WF-179870-198

UUI

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/19/94

From : SA [redacted]

Subject : [redacted]

b6
b7C
b7D

Dates of Contact

8/11/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1 -

1 -

1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

46A-WF-179870-199

46A-WF-179870-199

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/17/94

On August 11, 1994, SA [] met [] at Riverfront Stadium in Cincinnati, Ohio. Cooperating Witness (CW) provided SA [] with a Rolodex which he/she believed had belonged to []. He/she originally thought the Rolodex might have belonged to [] but realized that was probably not the case when he/she noticed telephone numbers for [] among the numbers listed in the Rolodex. CW also provided a letter, dated 10/19/90, to U.S. Congressman DONALD E. (BUZ) LUKENS from [] of the NATIONAL PERSONNEL RECORDS CENTER (NPRC), concerning CW's []. CW had asked [] to contact LUKENS to []. The 10/19/90 letter was the response received by LUKENS pursuant to his inquiry.

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Investigation on 8/11/94 at Cincinnati, Ohio File # 46A-WF-179870, SUB UU
by SA [] Date dictated 8/17/94

46A-WF-179870, SUB UU
CWS/cws

On 10/19/94, [redacted] telephonically contacted
SA [redacted] to advise that he/she had changed jobs.
The Cooperating Witness (CW) stated that he/she had not been
contacted by [redacted] since the last conversation which
CW reported to SA [redacted] during a previous interview.

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46A-WF-179870

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| FBI - NEW YORK | |

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/16/94

[] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ) in Washington, D.C. Present during the interview was DOJ Attorney []. After being apprised of the identity of the interviewing agent and the nature of the interview, [] furnished the following information:

[] informed that he presently works for MASS MARKETING, INC. (MMI), at 7209 Dixie Highway, Fairfield, Ohio, telephone number [], facsimile number is [] has worked for MMI since approximately April, 1992.

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[] advised that he began working for CAMBRIDGE TECHNICAL INSTITUTE (CTI) around September, 1986, as an admissions representative for CTI's campus in Cincinnati, Ohio. at that time, HENRY WHITESELL was the owner of CTI, and [] was the Director of Education. Around January, 1988, [] became the Admissions Director for CTI's Cincinnati campus when [] got sick. In about August or September, 1988, [] went to BOHECKER'S BUSINESS COLLEGE (BBC), in Covington, Kentucky, and handled admissions there. In approximately February, 1989, [] again became the Admissions Director for CTI's Cincinnati School. He later served as the Director of CTI's campus in Dayton, Ohio. [] thought he went to Dayton sometime in May or June, 1990 [] was working at CTI's Dayton location at the time the U.S. DEPARTMENT OF EDUCATION (DOE) began conducting a program review of CTI during August, 1990. [] advised that he was still at Dayton at the time WHITESELL was murdered. Around November, 1990, [] went to BBC's location in Middletown, Ohio. During January, 1991, [] who was then the owner of BBC, let [] go. [] said he could not afford to pay [] salary, which was approximately \$30,000.

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[] advised that there were numerous problems at CTI. [] stated that, at CTI, "the name of the game was money." Recruiting students and signing them up for financial

Investigation on 10/18-19/94 at Washington, D.C. File # 46A-WF-179870 Sub UU

by SA [] :eas Date dictated 11/10/94

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 10/18-19/94, Page 2

aid was of paramount importance to CTI's operation. WHITESELL and [REDACTED] made it clear that the academic capabilities of prospective students were not important, and that CTI needed to enroll as many students as possible without regard to the students' ability levels. [REDACTED] stated that WHITESELL and [REDACTED] often talked about getting "asses in classes." [REDACTED] advised that CTI often falsified results of admissions tests, so that students who had failed the tests could still get into CTI. CTI's admissions representatives often filled out Pell Grant applications and other financial aid documents for prospective students. CTI let students start classes late, sometimes allowing them to enter two to three weeks after a quarter had started.

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[REDACTED] informed that CTI recruiters made a practice of soliciting potential students from welfare lines and other low income areas. At some point, it became illegal to recruit students out of certain places such as welfare lines. [REDACTED] recalled a meeting with WHITESELL and [REDACTED] after the laws went into effect. WHITESELL and [REDACTED] essentially told [REDACTED] to have the recruiters continue to solicit students from the same places as always. They told [REDACTED] to tell the recruiters not to recruit at the prohibited places. However, they instructed [REDACTED] to inform the recruiters that, if they were caught, they would only get a "slap on the wrist." WHITESELL and [REDACTED] had the recruiters sign forms saying they were aware of the prohibitions against recruiting at welfare offices and similar locations.

[REDACTED] advised that DEAN was the Admissions Director at CTI's Cincinnati campus for a period of time. [REDACTED] remembered that, when DEAN worked at SOUTHWESTERN COLLEGE OF BUSINESS, DEAN and his staff would go out and recruit students and fill out Pell Grant applications right on the spot. They would make the Pell Grant applications without even giving admissions tests to the students. [REDACTED] indicated that DEAN brought the same philosophy to CTI. DEAN is now deceased.

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[REDACTED] stated that CTI recruiters were sent out to obtain signature endorsements on Guaranteed Student Loan (GSL) checks for CTI students who had dropped out of school. [REDACTED] stated that [REDACTED] had to be involved in this practice since he worked in concert with WHITESELL and knew everything that went on with CTI.

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Continuation of FD-302 of [REDACTED], On 10/18-19/94, Page 3

After the DOE reviewers arrived at CTI in August, 1990, [REDACTED] was summoned to CTI's corporate office to help prepare records for the audit. Before [REDACTED] left to go to the corporate office, [REDACTED] told him something to the effect of, "They're changing records." [REDACTED] recalled that, at sometime prior to the DOE audit, WHITESELL and [REDACTED] had moved all but the most current CTI student records into storage. [REDACTED] told [REDACTED] that records had been tampered with and falsified to cover up improper draws of financial aid monies by CTI. [REDACTED] had been the Director of CTI's Cincinnati school and, in that position, had worked directly under [REDACTED]

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[REDACTED] recalled working with large green Pell Grant rosters and creating Pell work sheets. [REDACTED] recognized such documents when he was shown samples of them. [REDACTED] recalled being told to crumple up records they were creating to make them look old. [REDACTED] remembered working with [REDACTED] wife, [REDACTED], and others. [REDACTED] stated that he and everyone else knew what they were doing was illegal and wrong. However, [REDACTED] stated that he did not have a complete understanding of what was being done. [REDACTED] stated that he believed that everyone was working together on records for the DOE auditors. He was not aware of any plan to conduct a "sting" to deceive HENRY WHITESELL.

[REDACTED] stated that, while the DOE review was going on, [REDACTED] sole intention appeared to be to effect a "coverup," to create records to conceal from the DOE reviewers the improper draws of financial aid funds by CTI. [REDACTED] never indicated that he any other intention during the audit period.

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[REDACTED] advised that [REDACTED] worked directly under [REDACTED] in the Education Department of CTI. [REDACTED] had the impression that CTI was going in the wrong direction. According to [REDACTED] the CTI admission people were always trying to enroll students in classes too late into quarters. [REDACTED] remembered a comment [REDACTED] made during the DOE audit in August, 1990. [REDACTED] said something to the effect of, "I didn't plan on being a crook" or "I didn't plan on starting my career as a crook." [REDACTED] was aware that illegal activities were going on at CTI during the audit period.

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Continuation of FD-302 of _____, On 10/18-19/94, Page 4

_____ informed that _____ was _____
"right hand guy."

_____ stated that, prior to the time of the DOE program review, he heard WHITESELL and _____ talking about "whacks" and "whacking the Pell" on several occasions. _____ understood the term "whack" to be synonymous with theft. "Whacking the Pell" meant drawing Pell Grant funds on individuals who were not in school. _____ remembered a number of meetings in which WHITESELL and _____ would talk about things not being right at CTI. They would make joking remarks using phrases such as "asses in classes" and "whacking the Pell." _____ stated that _____ was definitely familiar with the term "whacks" and what it meant. _____ commented that _____ knew everything that went on with CTI.

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_____ advised that, after WHITESELL's death, _____ took a "holier than thou" posture about the problems at CTI. _____ thought _____ about face was strange. _____ recalled seeing a feature about CTI on the CABLE NEWS NETWORK (CNN). _____ was interviewed and blamed all of CTI's troubles on WHITESELL, who was dead. _____ disclaimed any responsibility himself. _____ commented that _____ statements on the CNN interview were false. _____ stated that WHITESELL and _____ were "in it together." _____ stated that WHITESELL and _____ directed everything that went on at CTI, and decisions concerning CTI were made by both of them. _____ remembered watching _____ interview on CNN, hearing _____ lies, and thinking "_____, why are you trying to say this."

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On one occasion after WHITESELL's death, _____ told _____ that WHITESELL had been blackmailing him. _____ told _____ that WHITESELL had asked for his help in altering CTI's records for the DOE program review. _____ claimed that WHITESELL threatened to "blow the whistle" on everyone if he _____ did not participate in the record changing operation. _____ claimed that he was not involved in the underlying improper activities at CTI that WHITESELL wanted to cover up. _____ commented that he never knew whether or not _____ was telling the truth.

_____ informed that _____ would let WHITESELL and _____ know ahead of time if an audit of CTI

46A-WF-179870 Sub UU

Continuation of FD-302 of _____, On 10/18-19/94, Page 5

was going to occur. _____ recalled overhearing conversations between WHITESELL and _____ about _____. _____ recalled that _____ wanted money from WHITESELL and _____ and was starting to put pressure on them. WHITESELL and _____ were "disturbed" by _____.

_____ was asked whether he received any payments of money from _____ outside of money he earned through his work at CTI and BBC. _____ advised that, on his last day at BBC, _____ mentioned to him that, if he _____ ever needed money, he could call _____. About a month later, _____ called _____ provided him with \$1,000. _____ stated that he never paid back the \$1,000.

_____ advised that he was interviewed by the FEDERAL BUREAU OF INVESTIGATION (FBI) in Ohio sometime after he left BBC. _____ thought the initial interview with the FBI occurred after he received the above-stated \$1,000 payment from _____. After his first interview with the FBI, _____ telephonically contacted _____ and talked to him about the interview. _____ wanted to know what questions the FBI asked and what _____ responses were. _____ stated that he had been prompted by _____ to call him if he was contacted by the FBI. _____ stated that he did not receive any additional money from _____ after he talked to him about his initial interview with the FBI.

_____ had subsequent interviews with the FBI in Ohio. _____ advised that he retained an attorney to represent him. The attorney advised _____ not to talk to _____ anymore. _____ attempted to speak with _____ about the FBI interviews. When _____ refused to talk to him, _____ became irate. _____ recalled that _____ called him at his home one Saturday and tried to persuade him to talk to _____. _____ refused.

_____ advised that he never wrote or signed any affidavit for _____. _____ said he was surprised that _____ did not ask him to do an affidavit or offer him any enticement to sign an affidavit.

_____ stated that he had heard _____ talk about an attorney named _____. _____ recalled meeting

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46A-WF-179870 Sub UU

Continuation of FD-302 of [redacted], On 10/18-19/94, Page 6

[redacted] once. [redacted] thought [redacted] was representing [redacted]

[redacted] advised that [redacted] was a student at CTI who was hired as a recruiter. [redacted] did not get along well with people and had numerous conflicts. [redacted] advised that [redacted] had problems with another admissions representative named [redacted] and [redacted] did not like each other. [redacted] recalled that he went on a vacation around December, 1988. [redacted] and [redacted] wife fired [redacted]

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After he was terminated by CTI, [redacted] got involved in a lawsuit filed by the LEGAL AID SOCIETY (LAS) against CTI. The lawsuit alleged that CTI engaged in illegal recruiting tactics and other improprieties. [redacted] advised that the LAS lawsuit was a major concern for WHITESELL and [redacted]. They wanted to make sure that all of their recruiters were coached by their attorneys before they talked with LAS representatives. [redacted] mentioned that the LAS lawsuit against CTI was publicized by television stations in the area.

[redacted] advised that WHITESELL and [redacted] had several meetings during which they discussed how to handle the LAS situation. During the meetings, WHITESELL and [redacted] talked about what to do about [redacted], who was helping the LAS. [redacted] stated that they discussed physically harming or threatening [redacted]. [redacted] recalled [redacted] saying something like they could "beat the shit" out of [redacted]. WHITESELL responded negatively, that he did not want to do that. [redacted] stated that WHITESELL would not give the approval to have [redacted] beaten up.

At sometime after the above-stated discussions about harming [redacted] showed up at a store across from CTI. [redacted] was beaten up by two CTI employees, [redacted] and [redacted]. Criminal charges were filed against [redacted] and [redacted]. After the incident, WHITESELL had [redacted] draw up papers to make it look like [redacted] and [redacted] had been fired. However, [redacted] and [redacted] were still being paid. [redacted] commented that they were always getting cash from WHITESELL. WHITESELL and [redacted] continued to support [redacted] and [redacted] after they beat up [redacted]. [redacted] remembered WHITESELL telling them something like, "we'll take care of you."

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Continuation of FD-302 of [REDACTED], On 10/18-19/94 page 7

[REDACTED] informed that [REDACTED] still works for
[REDACTED] at BBC.

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Memorandum



To : ADIC, WMFO (46A-WF-179870, SUB UU) (P) Date 11/7/94

From : SA [REDACTED] (C-9)

Subject: BIG BOUNCE;
MAJOR CASE #55;
OO: WMFO

It is respectfully requested that writer be authorized to work on 11/11/94, Veteran's Day, and receive holiday pay for that day. Writer is currently assigned to the above-captioned case and is responsible for the investigation of former U.S. Congressman DONALD "BUZ" LUKENS. The case is being presented to the Grand Jury. Indictments will be sought at sometime within approximately the next month (this Grand Jury expires on 12/23/94 and will not be extended again). Arrangements have been made to bring a critical witness, [REDACTED] to Washington, D.C., on 11/10-11/94. [REDACTED] was formerly employed by the U.S. DEPARTMENT OF EDUCATION (DOE), in Chicago, Illinois. While with DOE, [REDACTED] was in charge of a program review which uncovered massive financial aid fraud at CAMBRIDGE TECHNICAL INSTITUTE (CTI), a trade school owned by LUKENS' constituent, [REDACTED]. The DOE's findings provided the motivation for [REDACTED] to pay several bribes to LUKENS for assistance in dealing with CTI's problems. [REDACTED] will review and explain the contents of approximately 20 boxes of records generated by the DOE during its review of CTI and will explain her calculations of the losses caused to the DOE by CTI's activities. Due to other commitments of [REDACTED] and scheduling conflicts with other investigative efforts on this case, the dates of 11/10-11/94 were the only dates that [REDACTED] could be interviewed and review the records in time for her input to be of value to the remaining investigation prior to indictment. Since writer will have to work on Veteran's Day to meet with [REDACTED] it is requested that authorization be granted for writer to receive holiday pay.

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1 - ADIC, WMFO
① - 46A-WF-179870, SUB UU

46A-WF-179870-200

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| FBI - WMFO | |

23

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/18/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

8/26/94

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File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU
 [Handwritten initials] -201

① [redacted]
 1 - 46A-WF-179870, SUB UU

1 -
 Init. CWS/cws
 (2) - WMFO

see reverse side for statistics

10/18/94
 [Handwritten signature]

46A-WF-179870, SUB UU

CWS / CWS

On 8/26/94, [REDACTED] telephonically contacted SA [REDACTED] and provided the following information:

Cooperating Witness (CW) stated that he/she had been contacted that day by [REDACTED] did not want to talk with CW on the telephone. [REDACTED] wanted to meet CW in person. CW and [REDACTED]

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During their brief telephone conversation,

CW stated that he/she looks for

Memorandum



To : ADIC WMFO [redacted] (P)

Date 10/21/94

From : SA [redacted] (C-9)

Subject : [redacted]

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Dates of Contact

9/7/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1

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① 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

46A-WF-179870-UU
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/14/94

On 9/7/94, [] met with SA []
[] at the FEDERAL BUREAU OF INVESTIGATION (FBI) Office
at 7799 Leesburg Pike, Ste. 200, South Tower, Falls Church,
Virginia. Cooperating Witness (CW) and SA [] reviewed a tape
recording of a conversation between [] that
occurred on [] CW clarified statements made by himself and
[] which were hard to understand on the recording.

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Investigation on 9/7/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UU

by SA [] Date dictated 9/14/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 9/7/94, Page 2

[REDACTED]

CW stated that [REDACTED] told him that he will not go to jail over CTI. [REDACTED]

[REDACTED]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/10/94

[redacted] was telephonically contacted at his place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Office of the Inspector General (OIG), P.O. Box 13716, Philadelphia, Pennsylvania, 19101, telephone number [redacted] and [redacted]. [redacted] is the Regional Inspector General for Investigation for the DOE OIG. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] furnished the following information:

[redacted] advised that he had located his appointment book for calendar year 1990. [redacted] provided information concerning dates of travel, meetings, and other events concerning an interview he and DOE Special Agent (SA) [redacted] conducted with [redacted] on September 19, 1990. The information was documented by entries in [redacted] appointment book for 1990.

[redacted] informed that on September 10, 1990 he spoke with [redacted] about a source. [redacted] was a DOE representative located in Washington, D.C.

On September 11, 1990, [] called [] at her office. [] recalled that [] informed him that the DOE was presently conducting a program review at CAMBRIDGE TECHNICAL INSTITUTE (CTI). [] commented that, at this point, he was in the process of collecting information and had not even been aware of the identity of the school involved in the allegations reported to him by []. [] advised that he had a note in his appointment book to call [] on September 12, 1990.

On September 18, 1990, [redacted] left Philadelphia and travelled to Waterloo, Iowa, [redacted] stayed at the HOLIDAY INN in Waterloo.

On September 19, 1990, [redacted] met with the source, who he identified as [redacted] also had a reference to [redacted] in his appointment book for September 19, 1990. [redacted] was the wife of [redacted] attorney [redacted]

Investigation on 10/25/94 at Washington, D.C. File # 46A-WF-179870 SUB UU

by SA [redacted] :snc Date dictated 11/2/94

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

aned to your agency;

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/25/94, Page 2

On September 20, 1990, [REDACTED] left Waterloo at 5:00 a.m. and flew to Cincinnati, Ohio. [REDACTED] met with SA [REDACTED] of the FEDERAL BUREAU OF INVESTIGATION (FBI) in Cincinnati. [REDACTED] also met with Supervisory Special Agent (SA) [REDACTED] of the FBI. This was the first contact [REDACTED] had with the FBI regarding CTI and [REDACTED] allegations. [REDACTED] stated that, during his meeting with [REDACTED] and [REDACTED], there was no mention of any recent contacts between [REDACTED] and the FBI. [REDACTED] assumed that the September 20, 1990 meeting was the first time the FBI had been made aware of the information reported by [REDACTED] to [REDACTED] and [REDACTED] on September 19, 1990. However, the FBI did have significant information concerning matters involving [REDACTED] from earlier time periods.

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Also on September 20, 1990, [REDACTED] met with Assistant United States Attorney (AUSA) [REDACTED] at the U.S. Attorney's Office in Cincinnati. [REDACTED] was present during the meeting with [REDACTED]

Additionally on September 20, 1990, [REDACTED] had a note in his appointment book to call [REDACTED]. [REDACTED] thought that [REDACTED] was [REDACTED] boss in the DOE.

On September 21, 1990, [REDACTED] left Cincinnati and returned to Philadelphia.

[REDACTED] stated that his notes in his appointment book did not reflect any out-of-town travel around September 27, 1990. Thus, he did not believe that he participated in a meeting with AUSA [REDACTED] on September 27, 1990. [REDACTED] advised that the case involving [REDACTED] and CTI was assigned to [REDACTED], and that [REDACTED] may have attended the September 27, 1990 meeting.

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[REDACTED] stated that, because of the rapid manner in which information was being developed, he felt it was necessary to meet with an AUSA quickly about the case. That is why he flew to Cincinnati on September 20, 1990 to meet with [REDACTED]. [REDACTED] recalled that [REDACTED] did not attend the September 20, 1990 meeting because that is the date of the Jewish New Year. [REDACTED] speculated that [REDACTED] who has young children, probably flew home to be with his family.

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/25/94, Page 3

[REDACTED] recalled that, after meeting with [REDACTED] he contacted the FBI to see if the FBI was investigating CTI. [REDACTED] stated that it is the frequent practice of DOE to contact the FBI when it opens a new investigation. [REDACTED] and [REDACTED] also had concerns about [REDACTED] credibility and his motives for approaching the DOE OIG at that particular time, after so much time had passed since the beginning of the program review at CTI. [REDACTED] stated that he was mildly surprised that [REDACTED] had as much information as he did about [REDACTED]

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[REDACTED] provided copies of appropriate pages from his appointment book for the period of September 10-24, 1990. These pages are attached for incorporation herein.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/22/94

Special Agent (SA) [] was telephonically contacted at his place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Office of Inspector General (OIG), Philadelphia, Pennsylvania, telephone number [] facsimile number (215) 596-0124. Also participating in the conference call was U.S. DEPARTMENT OF JUSTICE (DOJ) Attorney [] After being advised of the identity of the interviewing agent and the nature of the interview, [] provided the following information:

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[] advised that he participated in an interview of [] on September 19, 1990 in Waterloo, Iowa. [] was accompanied by his attorney [] [] recalled that [] suggested the interview sight in Waterloo. [] partner was [] Regional Inspector General for Investigation, DOE, OIG. [] stated that [] was the lead interviewer and wrote the report of the interview of []

[] informed that [] initially contacted [] DOE's Desk Officer in Washington, D.C. [] telephone number is [] called [] on September 10, 1990 concerning his meeting with [] [] had told [] that his client had information about the obstruction of a DOE program review going on at a trade school in Ohio. [] did not provide the name of the trade school to [] also did not furnish the name of his client. [] stated that he and [] did not learn the identity of []'s client, [] until they arrived in Waterloo for the interview.

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[] informed that the interview of [] took place from around 11:15 a.m. to 3:30 p.m. on September 19, 1990 at the Holiday Inn in Waterloo. During the interview, [] remembered both [] and [] doing a lot of talking. However, [] recalled [] being the primary speaker. [] asserted that []

(telephonically)

Investigation on 10/25/94 at Falls Church, VA File # 46A-WF-179870 Sub UUby SA [] :eas Date dictated 11/15/94

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 10/25/94, Page 2

WHITESELL wanted [REDACTED] and is team of CTI employees to falsify records to cover up a fraud against the DOE. [REDACTED] indicated that WHITESELL was pressuring him to participate in the coverup of the fraud, and that he was trying to put off WHITESELL. [REDACTED] claimed that WHITESELL threatened to expose some personal indiscretions about him if he did not help falsify records to deceive the DOE. [REDACTED] could not recall any details concerning the aforementioned personal indiscretions or whether [REDACTED] elaborated on the indiscretions. [REDACTED] mentioned that he felt physically threatened by WHITESELL, and that he kept a weapon for protection. [REDACTED] commented that [REDACTED] seemed more concerned with the blackmail threats from WHITESELL than any threats of physical harm.

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[REDACTED] stated that [REDACTED] claimed to have possession of CTI records which would provide evidence of the fraudulent activities going on at CTI. However, [REDACTED] would not turn over the records until he received a grant of immunity from prosecution. [REDACTED] stated that he and [REDACTED] had no authority to grant immunity to [REDACTED]. They told him they would refer his concerns to the U.S. Attorney's Office. [REDACTED] stated that [REDACTED] never offered to turn over the CTI documents to them without receiving immunity.

During the interview, [REDACTED] or [REDACTED] mentioned that they wanted to get the FEDERAL BUREAU OF INVESTIGATION (FBI) involved in the case. [REDACTED] and [REDACTED] stated that they did not want to FBI involved under any circumstances. [REDACTED] recalled [REDACTED] saying something about prior dealings he had with the FBI that had not been favorable. [REDACTED] stated that he and [REDACTED] later learned through SA [REDACTED] of the Cincinnati FBI, that [REDACTED] had spoken to the FBI several years earlier. SA [REDACTED] had information that reflected a lack of credibility on the part of [REDACTED]. Upon receiving the information from SA [REDACTED] and [REDACTED] realized why [REDACTED] did not want to the FBI involved in the case.

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Also during the interview on September 19, 1990, [REDACTED] tried to impress upon [REDACTED] and [REDACTED] that he had contacts with high-ranking officials in Washington, D.C. [REDACTED] mentioned that he had a relationship with Senator SAM NUNN and a committee chaired by NUNN. [REDACTED] indicated that he had done some work for NUNN's committee. [REDACTED] implied that he was familiar with education matters and had worked in this

46A-WF-179870 Sub UU

Continuation of FD-302 of [redacted], On 10/25/94, Page 3

area with NUNN's committee. [redacted] recalled that [redacted] mentioned the names of other Washington officials, but he could not remember their names.

At the end of the September 19, 1990 meeting [redacted] and [redacted] "left the door open" for future discussions. They told [redacted] and [redacted] that they would need to discuss the case with an Assistant United States Attorney (AUSA) before taking further action. [redacted] stated that he and [redacted] rejected [redacted] request for immunity during the September 19, 1990 meeting. They told [redacted] they would need to speak to an AUSA before they could even consider the possibility of immunity. [redacted] recalled that [redacted] may have suggested that he would contact an AUSA when he realized the DOE OIG was not going to grant immunity to [redacted]

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[redacted] recalled [redacted] saying that he was willing to conduct a "sting" operation against WHITESELL. [redacted] was in agreement with [redacted] suggestion. [redacted] stated that he and [redacted] definitely did not tell [redacted] to conduct a "sting." They told him that the DOE OIG could not authorize any conduct of that nature without the approval of an AUSA. [redacted] further stated that the DOE OIG did not do "sting" operations at the time of the interview with [redacted]. The DOE OIG did not have full law enforcement authority and would have had to coordinate such activity through the FBI. To even consider the possibility of a "sting" the DOE OIG would have needed approval from DOE headquarters. [redacted] stated that the DOE was not in a position to conduct a "sting" operation at the time they met with [redacted]. [redacted] stated that there was no way [redacted] could have reasonably perceived he had authorization to do a "sting" against WHITESELL by what he [redacted] and [redacted] told him during the September 19, 1990 interview. [redacted] advised that he considered the interview of [redacted] to be a preliminary meeting to gather information. He reiterated that they did not even know the identity of the specific school involved until the day of the interview.

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[redacted] stated that he and [redacted] did not leave [redacted] with the impression that he had the "green light" to commit any crimes. [redacted] stated that they possibly gave the impression to [redacted] that he should "stall" and avoid doing anything. [redacted] explained that they wanted to keep their options open. WHITESELL allegedly wanted [redacted] to fabricate

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 10/25/94, Page 4

records. [REDACTED] and [REDACTED] wanted [REDACTED] stall for time so that he would not have to alter records. [REDACTED] stated that they represented to [REDACTED] that he should not alter or fabricate records. [REDACTED] stated that any suggestion by [REDACTED] that the DOE OIG told him to falsify records would be "absolutely untrue."

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[REDACTED] advised that he and [REDACTED] talked after the interview of [REDACTED]. They were very suspicious of [REDACTED] and the situation. They thought that CTI seemed to have been corrupt for a long period of time. [REDACTED] seemed very knowledgeable of what was going on at CTI. [REDACTED] and [REDACTED] wondered why [REDACTED] waited so long to report the improprieties at CTI. They thought it was unusual that [REDACTED] did not come forward sooner. [REDACTED] commented that the DOE OIG would not even consider a "sting" operation given the reservations they had about [REDACTED]

Following the interview of [REDACTED] on September 19, 1990, [REDACTED] returned to Philadelphia. [REDACTED] stated that he did not attend a meeting in Cincinnati, Ohio, on September 20, 1990, with the FBI and AUSA [REDACTED] concerning [REDACTED] allegations.

[REDACTED] advised that, at approximately 3:50 p.m. on September 21, 1990, he received a telephone call from [REDACTED] who was staying at the Hvatt Hotel in Austin, Texas, telephone number [REDACTED]. [REDACTED] said he would call the AUSA about a meeting in Cincinnati. [REDACTED] said a co-counsel would be appearing in his place. [REDACTED] advised [REDACTED] that he would be staying the next night at the Fairmont Hotel in Dallas, Texas, telephone number [REDACTED]. [REDACTED] obtained the foregoing information from his Daily Personal Planner for 1990.

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Around September 25 or 26, 1990, [REDACTED] contacted members of the DOE team that conducted the program review of CTI. The reviewers were from the Chicago, Illinois, Office of the DOE. The program reviewers suspected that CTI was perpetrating some type of coverup because of the delays they experienced in receiving records they requested from CTI. The review team provided [REDACTED] with documents pertaining to the CTI program review.

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Continuation of FD-302 of [REDACTED], On 10/25/94, Page 5

[REDACTED] advised that, approximately one week after the interview of [REDACTED] he travelled to Cincinnati, Ohio for a meeting with AUSA [REDACTED]. The meeting took place on September 27, 1990 as recorded in [REDACTED] Daily Personal Planner. Also participating in the meeting were SA [REDACTED] and SA [REDACTED] of the FBI and an attorney named [REDACTED] (Last Name Unknown) (LNU). [REDACTED] (LNU) was an attorney working with [REDACTED] in the representation of [REDACTED] was not present at the September 27, 1990 meeting, nor was [REDACTED].

During the meeting on September 27, 1990, [REDACTED] was told that he must take a polygraph examination before the government would consider making any deal with him. The decision to require [REDACTED] to submit to a polygraph was based in large part on the information provided by SA [REDACTED] concerning [REDACTED] character. [REDACTED] advised that [REDACTED] would not agree to take a polygraph examination. Since the polygraph was a prerequisite to any agreement, no deal was made with [REDACTED]. Accordingly, [REDACTED] did not provide the DOE with the CTI documents he was holding.

[REDACTED] thought the September 27, 1990 meeting was the first contact between the FBI and [REDACTED] or a representative of [REDACTED] concerning the allegations made by [REDACTED] during the September 19, 1990 interview with [REDACTED] and [REDACTED]. No mention was made of any prior contact between the FBI and [REDACTED] regarding those allegations. [REDACTED] did not believe [REDACTED] or any representative of him had contacted the FBI prior to calling the DOE. [REDACTED] stated that the DOE OIG probably contacted the FBI about the case after the September 19, 1990 interview with [REDACTED] recalled that they wanted the involvement of the FBI, and that the case was large enough for the DOE OIG to work jointly with the FBI. [REDACTED] commented that, prior to contacting the FBI, the DOE OIG was not aware that [REDACTED] had been involved in an FBI investigation several years earlier.

[REDACTED] advised that he made a telephone call to [REDACTED] on October 16, 1990. [REDACTED] commented that [REDACTED] was upset with the way the investigation was being handled. [REDACTED] complained that the DOE OIG was not doing things the way he wanted.

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 10/25/94, Page 6

[REDACTED] was familiar with a CABLE NEWS NETWORK (CNN) feature about CTI in which [REDACTED] was interviewed. [REDACTED] advised that the CNN report did not generate good publicity for the DOE OIG and elicited calls from the DOE headquarters. [REDACTED] described the CNN feature and [REDACTED] statements as a self-serving mischaracterization of the facts.

[REDACTED] did not recall the DOE OIG being contacted by any congressional members or staffers concerning the case involving CTI and [REDACTED] suggested that a congressional member or his office could have possibly contacted the Office of Liaison for the DOE.

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[REDACTED] stated that the DOE OIG had no contact with WHITESELL concerning the situation at CTI or the allegations made by [REDACTED]

[REDACTED] advised that he reviewed the report prepared by [REDACTED] of the September 19, 1990 interview of [REDACTED]. [REDACTED] agreed with the information contained in the report and initialed the report. [REDACTED] stated that the report was an accurate record of what was said by [REDACTED] during the interview.

[REDACTED] informed that the case file of the DOE OIG investigation of CTI is located at the DOE headquarters in Washington, D.C.

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[REDACTED] provided, via facsimile, copies of several pages from his 1990 Daily Personal Planner. [REDACTED] also provided a copy of a memorandum, dated September 27, 1990, from [REDACTED] Regional Inspector General for Investigation, Philadelphia, Pennsylvania, to the Director, Division of Field Operations, Washington, D.C. Copies of these documents are attached for incorporation herein.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/14/94

[redacted] Blanchester, Ohio, telephone [redacted], was interviewed in Centerville, Ohio. He was advised of the identity of the interviewing agent and the purpose of the interview.

[redacted] was formerly employed by CAMBRIDGE TECHNICAL INSTITUTE. [redacted] voluntarily provided the following items:

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1 - Maxell 90 minute audio cassette tape

[redacted] was provided with an FD-597 (Receipt for Property Received.)

On 11/10/94, at approximately 8:45pm, [redacted] telephonically contacted [redacted] at his Blanchester residence. [redacted] called from his Ravenna, Ohio, apartment. The conversation lasted approximately one hour.

[redacted] was also served with a Federal Grand Jury subpoena, issued by the United States District Court, Washington, District of Columbia, commanding his appearance there on 11/18/94.

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Investigation on 11/14/94 at Centerville, Ohio File # 46A-WF-179870 Sub UU-203

by SA [redacted] :reh Date dictated 11/14/94

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 11/14/94

TO : SAC, WMFO (46A-WF-179870 SUB UU)
 (ATTN: SA [redacted] - *Tyson Corner RA*)

FROM : SAC, CINCINNATI (46A-WF-179870) (P)

SUBJECT : BIG BOUNCE;
 MAJOR CASE #55;
 OO:WMFO

Enclosed for WMFO are two copies of an FD-302 documenting receipt of an audio cassette from [redacted] on 11/14/94, one FD-340 envelope containing an FD-597 and two copies of an audio cassette monitoring a one hour conversation between [redacted] and [redacted] which occurred at approximately 8:45pm on Thursday, 11/10/94. b6
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[redacted] telephonically contacted [redacted] at his residence. This conversation was monitored pursuant to [redacted] consent as evidenced by an FD-472 which he executed earlier this year.

② - WMFO (Encl. 5)
 2 - Cincinnati
 REH:reh
 (4)

Approved: *[Signature]*

Transmitted

(Number) (Time)

Per *[Signature]*

46A-WF-179870-204

Memorandum



To : ADIC WMFO [redacted] (P)

Date 12/20/94

From : SA [redacted] (C-9)

Subject : [redacted]

| | | |
|---|---------------|-----------------------|
| Dates of Contact | | b6 |
| 11/15/94 | | b7C |
| File #s on which contacted (Use Titles if File #s not available) | | b7D |
| 46A-WF-179870, SUB UU | | |
| Purpose and results of contact | | |
| <input type="checkbox"/> NEGATIVE <input checked="" type="checkbox"/> POSITIVE <input type="checkbox"/> STATISTIC | | (See attached FD-302) |
| Description of Statistical Accomplishment | Title of Case | File No. |
| Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing. | | |
| PERSONAL DATA | | |
| 46A-WF-179870 UU [redacted] [redacted] [redacted] | | |

1 -

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1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/15/94, Page 2

CW advised that, when [REDACTED] parted company with CAMBRIDGE TECHNICAL INSTITUTE (CTI), he was owed money by WHITESELL. [REDACTED] received an Audi automobile and some money from WHITESELL.

CW informed that [REDACTED]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/15/94

[redacted] was interviewed at the U.S. Department of Justice (DOJ) in Washington, D. C. [redacted] was accompanied by his wife [redacted]. Also participating in the interview were DOJ Attorneys [redacted] and [redacted]. After being advised of the identities of the participants in the interview and the nature of the interview, [redacted] provided the following information:

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[redacted] provided a business card which identified him as an Attorney at Law. The card listed an address of [redacted] and a telephone number of [redacted].

[redacted] advised that [redacted] had called him after his [redacted] appearance before the Grand Jury which occurred approximately one week earlier. [redacted] told [redacted] that he had testified before the Grand Jury. [redacted] stated that [redacted] also waived the attorney-client privilege between himself and [redacted] permitting [redacted] to discuss with the DOJ and the FEDERAL BUREAU OF INVESTIGATION (FBI) matters that he might not have been able to talk about because of his attorney-client relationship with [redacted].

[redacted] informed that he is on retainer with [redacted] school, BOHECKER'S BUSINESS COLLEGE (BBC). He advised that [redacted] is attempting to get BBC taken off the reimbursement method of receiving financial aid for BBC'S students.

[redacted] stated that he first met [redacted] during the summer of 1990 around August. He was introduced to [redacted] by U.S. Congressman DONALD "BUZ" LUKENS. [redacted] recalled that LUKENS brought [redacted] by his [redacted] boat which was docked at the GANGPLANK MARINA in Washington, D. C. No one else was with LUKENS and [redacted] on that occasion. [redacted] advised that LUKENS lived in the condominiums near the marina and would frequently stop by his boat. He commented that

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Investigation on 11/16/94 at Washington, D. C. File # 46A-WF-179870 SUB UU

by SA [redacted] :cea Date dictated 12/7/94

46A-WF-179870 SUB UU

Continuation of FD-302 of _____, On 11/16/94, Page 2

LUKENS sometimes seemed to have "radar". _____ stated that he provided legal representation for LUKENS during his trial on criminal sex offense charges. _____ stated that he thought the aforementioned initial meeting he had with _____ occurred in August, 1990, not too long before the proverbial "shit hit the fan" with respect to _____ schools.

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_____ recalled that _____ came by his boat again without LUKENS. _____ was accompanied by his wife and children. _____ remembered _____ kids fishing off the back of his boat. _____ thought that, during that visit, _____ received a call or message from HENRY WHITESELL concerning CAMBRIDGE TECHNICAL INSTITUTE (CTI), their chain of proprietary schools in Ohio. _____ did not discuss the CTI situation with _____. _____ commented that he and _____ did not know each other well enough at that point. _____ stated that _____ did not seem overly concerned about the information he had received from WHITESELL.

_____ advised that his next contact with _____ happened "reasonably quickly." _____ recalled talking to _____ by telephone. _____ learned that, when _____ got back to Ohio, WHITESELL was "ballistic" and indicated that they had a problem. Representatives from the U.S. Department of Education (DOE) were at CTI conducting a program review. _____ stated that WHITESELL went through an "accretion" of telling _____ what he had done. _____ thought that CTI might have a problem and need counsel. Thus, _____ got in touch with _____

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_____ remembered a telephone conversation he had with _____ and WHITESELL together. _____ thought he returned their call from the road. During the conversation, _____ "cross-examined" WHITESELL. WHITESELL essentially told him there was no problem, that all the CTI students were legitimate. WHITESELL indicated that he did not want an attorney and did not want _____ as his lawyer.

Within in a half hour of the call between _____ and WHITESELL, _____ called _____ back. _____ was concerned about the situation. _____ stated that he thought WHITESELL was "lying his ass off" during their prior phone conversation.

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Continuation of FD-302 of [REDACTED], On 11/16/94, Page 3

[REDACTED] stated that each day [REDACTED] was learning more about the situation at CTI. He described [REDACTED] as "apoplectic" with what he was discovering.

[REDACTED] advised that, during their joint telephone conversation, either WHITESELL or [REDACTED] mentioned that they had called LUKENS to find out what was going on with the DOE audit. [REDACTED] stated that he told them that was the stupidest thing they could have done. If CTI did not have a problem, why was such a call necessary? [REDACTED] also told them that the involvement of a congressional member would be a "red flag" for the auditors. [REDACTED] stated that nothing further was said about LUKENS or the call to LUKENS.

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[REDACTED] stated that he did not call LUKENS or LUKENS' office about the situation involving [REDACTED] and CTI. [REDACTED] thought he possibly talked to LUKENS about the case when LUKENS would come by his boat. It was LUKENS' perception that CTI and BBC were good schools. [REDACTED] commented that [REDACTED] and LUKENS seemed to be friends.

[REDACTED] commented that he "knows all of Buz's staff." He mentioned [REDACTED] and stated that he helped get [REDACTED] back on LUKENS' staff. [REDACTED] commented that [REDACTED] is still a good friend. [REDACTED] advised that he had met [REDACTED] when he was involved in LUKENS' campaign.

[REDACTED] stated that he had a meeting with [REDACTED] at the end of August, 1990. The meeting took place at [REDACTED] house. [REDACTED] recalled that the meeting took place around August 26, 27, or 28 of 1990. During the meeting, [REDACTED] told him that there was a serious problem at CTI. [REDACTED] told [REDACTED] that it was his perception that WHITESELL had defrauded the government by drawing Pell Grants on students who did not exist. [REDACTED] said that [REDACTED] did not talk about problems with Guaranteed Student Loans during their meeting at the end of August, 1990. [REDACTED] claimed to have no prior knowledge of the misappropriation of financial aid monies by WHITESELL.

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Also during the meeting at [REDACTED] house at the end of August, 1990, [REDACTED] told [REDACTED] that WHITESELL did not know what to do and was considering two options. One option was to destroy the CTI records. The other option was to change

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/16/94, Page 4

the records to deceive the DOE auditors. [REDACTED] learned that CTI'S records included approximately 10,000 students files, of which about 2,000 were considered to be "bad" files. [REDACTED] stated that he advised [REDACTED] not to do anything to any original records but to get his hands on as many original records as possible.

[REDACTED] advised that, at some point, WHITESELL directed [REDACTED] to alter records. [REDACTED] had WHITESELL make such statements to other individuals on his "team." [REDACTED] mentioned [REDACTED] and [REDACTED] as two of the individuals who had [REDACTED] confidence. [REDACTED] stated that [REDACTED] told his group that they were not going to alter records. [REDACTED] stated that [REDACTED] never said he had altered records. [REDACTED] maintained that was never an issue. [REDACTED] claimed that he told [REDACTED] to do anything he had to do to keep WHITESELL at bay and get his hands on original records. [REDACTED] stated that he never advised [REDACTED] to falsify records.

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[REDACTED] recalled that, during the meeting at [REDACTED] house at the end of August, 1990, he got the impression that LUKENS had borrowed some money from [REDACTED] or that [REDACTED] was going to loan money to LUKENS. [REDACTED] advised [REDACTED] not loan money to LUKENS. [REDACTED] told [REDACTED] he would never get the money back. [REDACTED] commented that LUKENS was constantly trying to borrow money. At that time, [REDACTED] was not sure whether [REDACTED] had loaned money to LUKENS or was going to make a loan to him.

[REDACTED] informed that sometime in 1994 after the trial of [REDACTED], he learned that [REDACTED] wanted repayment of money he had loaned to LUKENS. [REDACTED] thought he possibly received a call from [REDACTED] wife to that effect. [REDACTED] or his wife had heard that LUKENS was paying back money he owed to people.

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[REDACTED] cited a conversation he had with [REDACTED] within the past week. [REDACTED] indicated that he had paid money to LUKENS and simultaneously received an identical amount of money from CTI. [REDACTED] was concerned about the appearance of impropriety of the transaction. [REDACTED] was concerned that he did not make it abundantly clear during his testimony before the Grand Jury that WHITESELL owed him money,

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Continuation of FD-302 of [REDACTED], On 11/16/94, Page 5

and that the payment he received from CTI at the time he paid LUKENS was a reimbursement of money he was owed.

[REDACTED] stated that, if [REDACTED] had decided that he wanted [REDACTED] to represent him during their meeting at the end of August, 1990, he would have left [REDACTED] house with a check representing a retainer payment. [REDACTED] advised that the date on any such check would identify the date of the meeting at [REDACTED] house.

[REDACTED] recalled that he may have jotted down some notes during the above stated meeting at [REDACTED] house. However, he could not find the notes.

Following his meeting with [REDACTED] at the end of August, 1990, [REDACTED] made some contacts on behalf of [REDACTED]. [REDACTED] initially contacted a subcommittee of U.S. Senator SAM NUNN to see if they were interested in doing something with the CTI situation. [REDACTED] commented that he did not think the DOE Inspector General was "up to the task." [REDACTED] talked with the Chief Counsel who he recalled was a woman. She said Senator NUNN'S subcommittee would have been interested, but they had just finished up a series of hearings on that subject. The woman may have recommended that [REDACTED] contact the DOE Office of the Inspector General (OIG). [REDACTED] recalled that a representative of the DOE OIG came down to his boat as a prelude to a later meeting that would take place in Waterloo, Iowa. [REDACTED] ultimately was put in contact with [REDACTED] of the DOE OIG. [REDACTED] wanted to move quickly to arrange a meeting, because it was near the end of the fiscal year and his travel money was about to run out. [REDACTED] and [REDACTED] arranged a meeting with [REDACTED] in Waterloo.

[REDACTED] advised that he and [REDACTED] met in Waterloo with [REDACTED] and [REDACTED] of the DOE OIG. [REDACTED] discussed the situation at CTI with [REDACTED] and [REDACTED]. [REDACTED] recalled that one of the important issues discussed was that WHITESELL wanted to destroy records of CTI. [REDACTED] and his "team" had to guard the records. [REDACTED] also recalled that [REDACTED] thought he had seen checks for Guaranteed Student Loan (GSL) refunds that had not been sent out. Additionally, [REDACTED] remembered that [REDACTED] group was in a room creating records to appease WHITESELL.

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46A-WF-179870 SUB UU

Continuation of FD-302 of _____, On 11/16/94, Page 6

_____ advised that there was a meeting in Cincinnati, Ohio, with representatives of the DOE and the U. S. Attorney's Office. _____ did not attend this meeting.

_____ was represented by a female lawyer from _____ law firm in Ohio. _____ recalled that the name of the lawyer was something like, _____ or _____

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_____ stated that the DOE wanted _____ to help them go through records of CTI. _____ advised that they needed to get some CTI records out of WHITESELL'S estate. _____ directed _____ to have CTI records under his control moved out of the state of Ohio to near the DOE. _____ thought _____ eventually turned the records over to regulators from the state of Ohio.

_____ was questioned about affidavits signed by _____ and _____ recalled that there was a "series" of affidavits. _____ stated that, in all instances, he talked to the individual affiants about their statements.

_____ stated that _____ affidavit, which was signed during January, 1991, was prepared at his _____ request after _____ had been interviewed by the FEDERAL BUREAU OF INVESTIGATION (FBI). _____ called _____ at _____ request. _____ stated that, although he did not meet _____ personally, he had an extensive telephone conversation with him. _____ perceived that _____ had been badgered by the FBI. _____ reduced _____ statement to writing. _____ was not sure whether he was in Ohio at the time _____ affidavit was prepared and signed.

_____ stated that the other affidavits were prepared by the individuals who signed them. _____ advised that he talked to the individual affiants and suggested important points to be included in their affidavits. _____ recalled talking to _____ and _____. He thought he talked to _____ claimed that the individuals involved were not paid for preparing or signing their affidavits.

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_____ advised that he spent a lot of time with _____, and _____ the group involved in securing original records of CTI. _____ recalled that _____ was outraged that WHITESELL would ask them to fabricate records.

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 11/16/94, Page 7

[REDACTED] commented that he does not think [REDACTED] is capable of lying.

[REDACTED] claimed that he has no billing records from his representation of [REDACTED]. He had some files on his boat, and indicated that he has some files in a warehouse in Tennessee.

[REDACTED] informed that, during his representation of [REDACTED] usually called him when it was necessary for them to communicate. [REDACTED] identified his telephone numbers during that period of time as [REDACTED] and [REDACTED]. He indicated that he had an AT&T credit card under the number [REDACTED]. b6 b7C

[REDACTED] indicated that he counselled LUKENS concerning some of his problems while he was a U.S. Congressman. [REDACTED] stated that he recommended that LUKENS resign his seat in the U.S. House of Representatives.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/8/94

On 11/4/94, [redacted] DOB [redacted] appeared at the Federal Grand Jury in Washington, D.C., pursuant to subpoena. [redacted] was accompanied by his attorney [redacted]. [redacted] advised that [redacted] had also travelled to Washington with [redacted] although she did not accompany him to the Grand Jury.

Pursuant to a Grand Jury subpoena, [redacted]

[redacted]

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Investigation on 11/4/94 at Washington, D.C. File # 46A-WF-179870, SUB UU
by SA [redacted] and [redacted] Date dictated 11/8/94 -205



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

1900 Half Street
Washington D. C. 20535
December 13, 1994

Mr. Theodore Jackson
Special Agent in Charge
Federal Bureau of Investigation
550 Main Street
Room 9023
Cincinnati, Ohio 45202

Dear Ted:

I wanted to take this opportunity to commend the work of several Agents in the Cincinnati Division on the "Big Bounce" investigation, Major Case #55.

Late on Friday afternoon, August 26, 1994, the Washington Metropolitan Field Office (WMFO) was contacted by a cooperating witness (CW) in Ohio. [REDACTED]

[REDACTED]
extremely short notice, Cincinnati Division Agents coordinated the acquisition of technical equipment to record the conversation between [REDACTED] and the CW, organized the surveillance of the meeting, briefed the CW regarding strategy for the meeting, and handled all other necessary preparations. The Agents worked continuously until the early morning hours on Saturday covering the meeting. The speed and efficiency with which Cincinnati Agents handled WMFO's lead was extraordinary and resulted in a recorded conversation containing valuable information for the Big Bounce case.

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I would like to express my sincere appreciation to all of the Agents who participated in the operation on August 26, 1994, including [REDACTED]

[REDACTED] and
Technical SA [REDACTED] I would also like to extend a

- 1 - Addressee
① - WMFO (46A-WF-179870 Sub UU)
CWS:les
(2) [REDACTED]

46A-WF-179870, SUB UU
-206

Mailed 12/21/94

special thanks to SA [redacted] who has organized the exceptional support in handling investigative leads on the Big Bounce case. It has been a pleasure to work with the fine Agents of the Cincinnati Division of the FBI and their efforts have been commendable.

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Very truly yours,

Anthony E. Daniels
Assistant Director in Charge
Washington Metropolitan Field Office

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/19/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ) in Washington, D.C. Present during the interview were DOJ Attorneys [redacted] and [redacted] advised that she is represented by Attorney [redacted] of Covington, Kentucky. She voluntarily agreed to speak with [redacted] and SA [redacted] of the FBI without the presence of [redacted]. After being apprised of the identities of the participants in the interview and the nature of the interview, [redacted] provided the following information:

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[redacted] informed that she was born on [redacted] in Campbell County, Kentucky. Her Social Security Account Number (SSAN) is [redacted]. Her home telephone number is [redacted] and work telephone is [redacted] is a white female.

[redacted] graduated from high school in 1973. From August, 1973, until 1984 or 1985, [redacted] worked for CINCINNATI BELL TELEPHONE COMPANY. [redacted] then worked for COMPULAB in Fort Mitchell, Kentucky. Her boss at COMPULAB was [redacted]. [redacted] did some part-time modeling for GLORIA SUSTAR. She got to know HENRY WHITESELL, the owner of CAMBRIDGE TECHNICAL INSTITUTE (CTI) and WHITESELL's wife, [redacted]. Around January 15, 1987, [redacted] interviewed with WHITESELL and was hired as an Administrative Assistant at CTI.

When she started at CTI [redacted] worked with [redacted]. [redacted] worked on the payroll and handled clerical functions and similar duties. Around mid-1987, [redacted] started to have some involvement with paperwork concerning Guaranteed Student Loans (GSL). GSL applications would come to CTI's corporate office in Cincinnati, Ohio. [redacted] would proofread the applications and make sure a GSL application came in for each student at CTI. [redacted] explained that the Directors of Education at each CTI school would forward rosters of students enrolled to the corporate office. CTI students would make applications for financial aid at their respective schools.

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Investigation on 10/4-5/94 at Washington, D.C. File # 46A-WF-179870 SUB UU

by SA [redacted] :gna Date dictated 10/12/94

46A-WF-179870 SUB UU

Continuation of FD-302 of _____, On 10/4-5/94, Page 2

These applications were forwarded to CTI's corporate office where they were proofed and sent off. _____ would check the names on the rosters of students against the applications received to make sure each CTI student would get a GSL. _____ would also send the applications to lending banks. _____ recalled that WHITESELL, _____ and _____ would confer about which banks CTI should apply to for GSLs for CTI students.

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_____ advised that GSL checks from the leading institutions were sent to the individual campuses for signature endorsements by the borrowing students. The Financial Aid Officers in the various CTI schools would call the students in and get them to endorse the GSL checks. The signed checks would be sent to _____ at CTI's corporate office. They would be deposited in the CTI bank account. _____ advised that CTI held an account at FIFTH THIRD BANK (FTB) and that _____ and _____ were persons at FTB with whom CTI dealt. _____ stated that _____ would prepare lists of CTI's bank deposits of GSL funds including the names and SSANs of the individual students and the amounts of the GSL checks. The bookkeepers in _____ department would receive copies of _____ lists, so that they could post the amounts to the students' ledgers. _____ commented that just about every CTI student received a GSL.

_____ informed that, when students at CTI dropped out of school before endorsing their GSL checks, the unendorsed GSL checks should have been returned to the lenders. _____ stated that she was not involved in the return of such checks. _____ stated that WHITESELL would sometimes pay certain individuals to obtain signatures on GSL checks for CTI students who did not show up for class. She indicated that individuals could earn "bonuses" for getting GSL checks signed as well as for "all kinds of stuff." _____ advised that _____ would calculate how many GSL checks certain individuals had gotten signed. _____ would cut checks for the bonuses due to the persons. _____ recalled bonus checks going to _____ and possibly _____ and _____

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_____ advised that, when students dropped out of school after their GSL checks had been negotiated by CTI but before the full amounts of the GSLs had been earned, CTI was obligated to refund the unearned portions of the GSLs. _____ recalled that there were problems with such GSL refund checks

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 3

being sent to the appropriate lenders. She advised that [REDACTED] department would calculate refunds due, but WHITESELL would not sign the refund checks. [REDACTED] remembered [REDACTED] being very concerned about the GSL refund checks not going back as required. [REDACTED] recalled [REDACTED] being upset during the time period when she [REDACTED] was pregnant with her son [REDACTED] who was born on March 17, 1989. [REDACTED] advised that [REDACTED] would take the GSL refund checks to WHITESELL. WHITESELL often gave the checks to [REDACTED] and told her to keep them in her desk. WHITESELL would tell [REDACTED] that he would release some of the GSL refund checks at various times. [REDACTED] commented that, sometimes WHITESELL would authorize some of the refund checks to be sent out, sometimes he would not. [REDACTED] advised that [REDACTED] saw the GSL refund checks that were being held and was aware of the problems with the checks being sent to the respective lenders.

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[REDACTED] was shown original GSL refund checks that had been voided. She recognized them as the types of checks WHITESELL had directed her to keep in her desk. [REDACTED] was asked why "posted" was written on some of the voided checks. [REDACTED] was unsure but speculated that the check amounts could have been posted to the students' individual ledger cards although the checks were never sent to the lending institutions. [REDACTED] advised that [REDACTED] worked in bookkeeping and might be able to provide additional information. [REDACTED] stated that, with respect to GSLs, she would work off of student lists. She did not recall there being a GSL master roster.

[REDACTED] advised that [REDACTED] managed the record keeping for the Pell Grant funds by herself. [REDACTED] would use long green ledger sheets to track the Pell Grants received by CTI students. Additionally, there was an individual ledger sheet for each CTI student. The bookkeepers in [REDACTED]'s department would post the receipts of Pell Grants to the students' individual ledger cards. [REDACTED] informed that CTI held an account at FIFTH THIRD BANK (FTB) for Pell monies received by CTI. WHITESELL would have [REDACTED] call to find out if Pell funds had been deposited.

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When [REDACTED] left her employment with CTI, [REDACTED] took over responsibility for the financial aid records. [REDACTED] stated that [REDACTED] only came to work when [REDACTED] came in or when she felt like it. [REDACTED] advised that she first got

46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 4

involved in posting after [REDACTED] left. [REDACTED] mentioned that she and [REDACTED] would make entries to post GSL check amounts to student ledger sheets.

[REDACTED] advised that [REDACTED] always represented himself as owning a small part of CTI. She recalled that, when [REDACTED] died, [REDACTED] was supposed to receive some of [REDACTED] ownership interest.

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[REDACTED] informed that WHITESELL and [REDACTED] made loans and advances of funds to themselves from CTI. [REDACTED] typed up the checks by which WHITESELL and [REDACTED] would make the loans and advance to themselves. [REDACTED] kept a ledger book in which the payments to WHITESELL and [REDACTED] were recorded. In the ledger book, there was a page for WHITESELL and one for [REDACTED]. [REDACTED] recalled that the totals for loans and advances taken by WHITESELL and [REDACTED] were comparable. [REDACTED] stated that neither WHITESELL nor [REDACTED] repaid the money taken out of CTI. [REDACTED] commented that WHITESELL and [REDACTED] took funds out of BOHECKER'S BUSINESS COLLEGE (BBC) in the same manner but not in as large amounts. [REDACTED] advised that the aforementioned loan book should be in the possession of WHITESELL's attorney, [REDACTED].

[REDACTED] advised that the LEGAL AID SOCIETY (LAS) in Cincinnati, Ohio, brought a lawsuit against CTI. [REDACTED] was the LAS representative who spearheaded the suit. [REDACTED] recalled that [REDACTED], a local television reporter did a feature on the lawsuit. [REDACTED] stated that the LAS lawsuit and accompanying negative publicity was a big problem for WHITESELL and [REDACTED]. She recalled that WHITESELL and [REDACTED] were very upset about the lawsuit and talked a lot about the situation.

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[REDACTED] mentioned that a lawsuit was also filed against CTI's Cleveland, Ohio, school as the result of allegations made by [REDACTED].

[REDACTED] advised that [REDACTED] had a relationship with U.S. Congressman DONALD E. "BUZ" LUKENS. LUKENS would call the CTI office to speak with [REDACTED]. [REDACTED] recalled that the calls from LUKENS to [REDACTED] occurred during the last year of CTI's existence. [REDACTED] stated that LUKENS never called for WHITESELL. [REDACTED] recalled WHITESELL mentioning that

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Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 5

[REDACTED] wanted him to make a sizable contribution to LUKENS' campaign. WHITESELL did not want to contribute the money, because he did not think LUKENS had a chance of winning the election. [REDACTED] recalled discussions regarding whether WHITESELL should pay the money to LUKENS.

[REDACTED] informed that, during August, 1990, auditors arrived simultaneously at CTI's campuses in Cincinnati and Dayton, Ohio. She recalled WHITESELL talking with [REDACTED] and saying something to the effect of, "Why don't you get your friend BUZ on the line and see if he can do something." [REDACTED] left WHITESELL's office and went to his own office, ostensibly to call LUKENS. [REDACTED] recalled that the foregoing conversation between WHITESELL and [REDACTED] took place at the beginning of the audit.

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After [REDACTED] resigned from CTI, WHITESELL attempted to handle the Pell Grants himself. However, WHITESELL just drew down money from Pell Grants. He did not keep up the postings to the appropriate records, nor were such postings kept up by [REDACTED]. For that reason, WHITESELL called some meetings after regular working hours during the summer of 1990 for the purpose of working on CTI's financial aid records. [REDACTED] recalled that they had two or three of these meetings from approximately April, 1990, through July, 1990. [REDACTED] advised that the evening meetings took place after [REDACTED] left but before an unannounced U.S. DEPARTMENT OF EDUCATION (DOE) program review conducted at CTI during August, 1990. [REDACTED] informed that the individuals involved in the after hours sessions included herself, WHITESELL, [REDACTED], and [REDACTED].

With regard to the above-stated meetings after hours, WHITESELL initially told [REDACTED] that they needed to post items to CTI's Pell rosters, to post Pell Grant draws made by WHITESELL but not recorded in CTI's records. However, the task turned out to involve changing and creating records to cover up inappropriate Pell Grant draws that had been made. [REDACTED] stated that what she, WHITESELL, [REDACTED] and [REDACTED] were actually doing was fixing the records to agree with the draws of Pell Grant funds. [REDACTED] recalled that [REDACTED] had the education files for individual students while [REDACTED] had the financial aid files. During the sessions, [REDACTED] recalled that term "whack" being used. [REDACTED] understood "whack" to refer to a situation where CTI claimed a Pell Grant for a student who was

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46A-WF-179870 SUB UU

Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 6

[REDACTED] not in school for the required amount of time. [REDACTED] stated that WHITESELL used the term "whack" in his conversations with [REDACTED].

For example, [REDACTED] would tell WHITESELL something like, "That student dropped on a certain day."

WHITESELL would respond by saying, "Give him a whack."

[REDACTED] indicated he understood what WHITESELL meant.

[REDACTED] advised that, when WHITESELL told them to "give it a whack", she would make an entry onto the Pell roster and [REDACTED] and [REDACTED] would make changes to their records.

[REDACTED] recalled [REDACTED] saying things like "We're all going to burn in Hell" or "We could go to jail" with regard to what they were doing. [REDACTED] advised that the "whack" comments were made in the two or three evening sessions they had to work on records during the summer of 1990 prior to the DOE review.

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[REDACTED] was questioned concerning her recollection of the program review conducted by the DOE at CTI during August, 1990. [REDACTED] recalled that the reviewers arrived at CTI's school in Cincinnati, Ohio. She thought WHITESELL, [REDACTED], and [REDACTED] went over to meet the DOE reviewers. The DOE program review made it urgently necessary for CTI to create and alter records to cover-up improprieties, including draws of Pell Grant funds to which CTI was not entitled. The DOE provided lists of students to CTI whose files needed to be produced for review. [REDACTED] stated that those files identified by the DOE were the ones being "fixed" first.

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[REDACTED] advised that CTI maintained Pell rosters on which Pell Grants received by CTI were recorded. The Pell rosters included drop dates of students and other information that CTI officials did not want the DOE to see. [REDACTED] stated that, during the DOE audit, she, [REDACTED] and [REDACTED] created Pell worksheets for submission to the DOE reviewers. The Pell worksheets were sanitized versions of the Pell rosters, omitting student drop dates and other important information. The Pell worksheets were given to the DOE in lieu of the Pell rosters. [REDACTED] recalled that [REDACTED] and [REDACTED] keyed in the data to create the sanitized Pell worksheets.

[REDACTED] reviewed some original Pell rosters. She advised that numbers written in blue pencil represented Pell drawdowns that WHITESELL had taken that were not posted at the time. [REDACTED] recognized some of the blue numbers to be in her handwriting. She stated that WHITESELL gave her lists containing

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Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 7

information to be recorded on the Pell rosters. [REDACTED] believed that most of the notations made in red on the Pell rosters were made by [REDACTED] stated that "NR" meant no refund was made by CTI when the student left school. [REDACTED] stated that "returns" were listed to show that particular students came back to CTI thereby justifying Pell Grants drawdowns. In actuality, the students usually did not really return to school at CTI. [REDACTED] was asked about notations indicating "No Pell". She responded by saying that, after [REDACTED] departure, [REDACTED] was the only person at CTI knowledgeable about Pell Grant requirements. b6 b7C

[REDACTED] advised that CTI was supposed to have been keeping GSL rosters similar to the aforementioned Pell Roster to track of GSL monies received by CTI. When the DOE program review began, WHITESELL was frantically trying to create GSL rosters. [REDACTED] and possibly [REDACTED] performed data entry in an effort to prepare GSL rosters. To create the records, they used information stored in a data base containing students' names, Social Security Account Numbers (SSAN), start dates, campus locations, etc. [REDACTED] and maybe [REDACTED] put the information for the GSL tracking on a computer disk. [REDACTED] advised that they used a Professional File System (PFS) computer data base list. [REDACTED] recalled that WHITESELL had them erase the computer disk when the DOE program review was over.

[REDACTED] informed that the CTI employees essentially split into two camps, one loyal to WHITESELL and the other under [REDACTED] WHITESELL's camp included [REDACTED], [REDACTED], and [REDACTED]. [REDACTED] camp consisted of [REDACTED] RALPH TURNER, [REDACTED] and various directors and teachers at CTI's schools. [REDACTED] mentioned that TURNER died of a heart attack. [REDACTED] advised that [REDACTED] was close to HENRY WHITESELL but had no real loyalties. [REDACTED] described [REDACTED] as "kind of in the middle." [REDACTED] was friends with [REDACTED] but loyal to WHITESELL. [REDACTED] described [REDACTED] the Director of CTI's campus in Cleveland, Ohio, as "middle-of-the-road." [REDACTED] argued back and forth with [REDACTED]. b6 b7C

During the DOE program review in August, 1990, [REDACTED] and his group created backup documentation to support the draws of financial aid funds by CTI. [REDACTED] advised that

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Continuation of FD-302 of [REDACTED], On 10/4-5/94, Page 8

[REDACTED] group worked on individual student files. She stated that [REDACTED] team created false attendance cards and records to show that particular students were attending CTI when, in actuality, they were not in school. [REDACTED] stated that she did not work on attendance records. [REDACTED] advised that [REDACTED] group eventually moved to an apartment in Fairfield, Ohio, where he and [REDACTED] were living.

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[REDACTED] reviewed a small bag containing numerous yellow post-it notes taken from CTI records pursuant to the August, 1990, DOE program review. [REDACTED] did not recognize her handwriting on the post-it notes. She stated that she did not recognize WHITESELL's or [REDACTED] handwriting on the notes either.

[REDACTED] related an experience that occurred about three weeks before WHITESELL was killed. [REDACTED] went into WHITESELL's office and had a heated argument with WHITESELL. When [REDACTED] came out, WHITESELL instructed [REDACTED] cut a CTI check payable to [REDACTED]. WHITESELL also gave an Audi automobile to [REDACTED]. WHITESELL told [REDACTED] that [REDACTED] was very threatening during the argument.

[REDACTED] informed that WHITESELL was an avid gambler. He bet on just about every sport and also played craps and other games at casinos. [REDACTED] advised that [REDACTED], who was in CTI's admissions department, sometimes went gambling with WHITESELL. [REDACTED] recalled that a man had called WHITESELL regarding a debt. The guy either called WHITESELL at home or threatened to call him at home.

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[REDACTED] advised that, toward the end, WHITESELL was paranoid that the telephones at CTI's offices were bugged. WHITESELL told [REDACTED] that [REDACTED] had been to his (WHITESELL's) home and said his phones were bugged. [REDACTED] had a device which he claimed could test telephones for bugs.

[REDACTED] informed that WHITESELL had a plan to sell BOHECKER'S BUSINESS COLLEGE (BBC) and use the proceeds to pay back his outstanding debts. [REDACTED] advised that [REDACTED] did not want to sell BBC.

[REDACTED] related a conversation she had with WHITESELL that occurred sometime after the DOE audit and shortly before his

46A-WF-179870 SUB UU

Continuation of FD-302 of _____, On 10/4-5/94, Page 9

death. The conversation took place in the bookkeeping room at CTI. WHITESELL told _____ that, since _____ had cancer, he was going to "take the fall" for the problems at CTI. _____ explained that WHITESELL said _____ had told him he had cancer. The cancer allegedly started prior to the DOE review in August, 1990. WHITESELL told _____ that he was going to pay _____ some money and, in return, _____ was going to take legal responsibility for all of the improprieties at CTI. WHITESELL indicated that he would use some of the proceeds from the sale of BBC to pay off _____. In their "heart-to-heart" conversation, WHITESELL admitted that the problems at CTI were serious enough that he could go to jail.

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_____ advised that she was "very good friends" with WHITESELL. However, she stated that they did not have a sexual relationship. At one time, WHITESELL was seeing _____ a registrar at one of CTI's schools. _____ stated that she and WHITESELL would often do things as a couple with _____ and _____

_____ stated that, when her son was approximately six months old, someone broke into her house. _____ suspected that the culprit was _____ the brother of _____

Memorandum



To : ADIC WMFO [redacted] (P)

Date 12/22/94

From : SA [redacted] (C-9)

Subject : [redacted]

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Dates of Contact

11/17/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU

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1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

Red/B

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/29/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ) in Washington, D.C., concerning recent telephone conversations he/she had with [redacted]. The Cooperating Witness (CW) furnished the following information:

CW advised that, during conversations he/she had with [redacted] on 11/5/94 and 11/6/94, [redacted] asked CW on a couple of occasions if he/she [redacted]

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[redacted] told CW that the FEDERAL BUREAU OF INVESTIGATION (FBI) would probably not contact him/her. [redacted] informed CW that the FBI had talked to him [redacted] and [redacted] with no success. For that reason, [redacted] thought the FBI would probably leave CW alone. CW advised that [redacted] talked about the ongoing Federal Grand Jury investigation into his activities.

CW stated that he/she and [redacted] discussed WHITESELL's murder during their conversations.

CW informed that he/she had an additional conversation with [redacted] on 11/10/94. CW and [redacted] discussed numerous topics during that conversation. CW advised that [redacted]

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Investigation on 11/17/94 at Washington, D.C. File # 46A-WF-179870, SUB UU

by SA [redacted] Date dictated 11/29/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/17/94, Page 2

[Redacted]

[Redacted]

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[Redacted] advised CW not to talk with government officials without an attorney.

[Redacted]

[Redacted]

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[Redacted]

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/17/94, Page 3

[Redacted]

[Redacted]

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[Redacted]

CW commented that [Redacted] a former CTI employee, had attempted to sue [Redacted] over an insurance claim. The judge threw the case out of court, because the plaintiff could not establish that [Redacted] had an ownership interest in CTI.

[Redacted]

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[Redacted]

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/17/94, Page 4

SA of the Cincinnati FBI Office with the original recordings of the conversations.

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Memorandum



To : ADIC WMFO [redacted]

(P)

Date 12/23/94

From : SA [redacted] (C-9)

Subject : [redacted]

| | | | |
|---|---------------|----------|---------------------------------------|
| Dates of Contact | | | b6 |
| 11/18/94 | | | b7C |
| File #s on which contacted (Use Titles if File #s not available) | | | b7D |
| 46A-WF-179870, SUB UU | | | |
| Purpose and results of contact | | | |
| <input type="checkbox"/> NEGATIVE <input checked="" type="checkbox"/> POSITIVE <input type="checkbox"/> STATISTIC | | | (See attached FD-302) |
| Description of Statistical Accomplishment | Title of Case | File No. | |
| Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing. | | | |
| PERSONAL DATA | | | |
| 46A-WF-179870, SUB UU Init. CWS/cws (3) - WMFO | | | 46A-WF-179870, SUB UU UU -206x3 |

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1 -

1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/30/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ) in Washington, D.C. Participating in the interview were DOJ Attorneys [redacted] and [redacted]. The Cooperating Witness (CW) provided the following information:

CW went through in chronological order the events surrounding the U.S. DEPARTMENT OF EDUCATION (DOE) program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI) during August, 1990. CW recalled that, on the evening of the first night of the DOE review, he/she received a telephone call from [redacted] telling him/her to come to CTI's corporate office. When he/she arrived,

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Investigation on 11/18/94 at Washington, D.C. File # 46A-WF-179870, SUB UU

by SA [redacted] Date dictated 11/30/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/18/94, Page 2

[Redacted]

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CW advised that [Redacted] sought the assistance of then U.S. Congressman DONALD "BUZ" LUKENS to intercede with the DOE on behalf of CTI. CW overheard [Redacted] talking to LUKENS on the telephone imploring him to do something about the DOE review.

[Redacted]

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[Redacted]

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/18/94, Page 3

[Redacted]

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[Redacted]

[Redacted]

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b7C
b7D

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/18/94, Page 4

[Redacted]

[Redacted]

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b7D

[Redacted]

CW commented on a CABLE NEWS NETWORK (CNN) feature about CTI. He/she advised that a statement that WHITESELL may have stolen over \$5 million probably came from his/her review of figures on "whack lists." The "whack lists" came from WHITESELL, [Redacted] The "whack lists" contained names of students taken off of Pell rosters and included notations such as "Add Sum B" to direct that periods of attendance be added to students' records to make it appear that they were in school to justify improper draws of financial aid funds by CTI.

[Redacted]

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46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/18/94, Page 5

[Redacted]

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[Redacted]

[Redacted]

CW commented that [redacted] did very well financially through his position at CTI. [redacted] had an expensive home and numerous cars.

CW stated that [redacted] knew that WHITESELL was taking money from CTI to cover his gambling debts.

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CW advised that [redacted] threatened to turn in CTI to the Lebanon (Ohio) Board of Education. CW believed that [redacted] was beaten up. [redacted] appeared on a News broadcast expose' of improprieties at CTI. On the telecast, [redacted] appeared to have a hurt eye.

46A-WF-179870, SUB UU
CWS/cws

On 12/15/94, [redacted] provided the following
information to SA [redacted]

[redacted]

[redacted]

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CW informed that, when [redacted] called him/her about
a month ago, he asked CW if he/she had any records from CAMBRIDGE
TECHNICAL INSTITUTE (CTI). [redacted] specifically asked CW
about [redacted]



46A-WF-179870, SUB UU

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12/13/94

Memorandum



To : ADIC WMFO [redacted] (P)

Date 12/28/94

From : SA [redacted] (C-9)

Subject : [redacted]

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b7D

Dates of Contact

11/19/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU
 [initials] -206X5

1 - [redacted]
 1 - [redacted]

1 - 46A-WF-179870, SUB UU

Init. CWS/CWS

(3) - WMFO

see reverse side for statistics

DB/12

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/1/94

[redacted] was telephonically contacted and provided the following information to SA [redacted]

The Cooperating Witness (CW) reported that, while he/she was working at CAMBRIDGE TECHNICAL INSTITUTE (CTI), several CTI officials attempted to perpetrate a "restart" scam. Individuals involved in the scheme were HENRY WHITESELL, [redacted] [redacted] RALPH TURNER, [redacted] [redacted] explained that "restarts" were students who had attended CTI at one time, dropped out of school, and returned to classes during a later quarter. CW advised that WHITESELL and [redacted] wanted to make it appear that numerous students who had previously dropped out of CTI had returned to school. CTI could then claim financial aid monies, including Pell Grants, on these bogus students.

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b7C
b7D

(telephonically)

Investigation on 11/19/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 12/1/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/19/94, Page 2

CW identified the following people who might have
knowledge of the above-stated "restart" scam: WHITESELL;

[REDACTED] TURNER; [REDACTED]

[REDACTED] WHITESELL and TURNER are now deceased.

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Memorandum



To : ADIC WMFO [redacted] (P) Date 12/30/94

From : SA [redacted] (C-9)

Subject : [redacted]

| | | | |
|---|---------------|----------|------------------|
| Dates of Contact 11/23/94 | | | b6 b7C b7D |
| File #s on which contacted (Use Titles if File #s not available) 46A-WF-179870, SUB UU | | | |
| Purpose and results of contact <input type="checkbox"/> NEGATIVE <input checked="" type="checkbox"/> POSITIVE (See attached FD-302) <input type="checkbox"/> STATISTIC | | | |
| Description of Statistical Accomplishment | Title of Case | File No. | |
| Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing. | | | |
| PERSONAL DATA | | | |
| 46A-WF-179870, SUB UU [Handwritten initials and marks] | | | |

1
1
① 46A-WF-179870, SUB UU
Init.
(3) - WMFO

1043/12

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/2/94

 was telephonically contacted and
provided the following information:

[Redacted]

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b7D

[Redacted]

[Redacted]

b6
b7C
b7D

[Redacted]

(telephonically)

Investigation on 11/23/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UU

by SA Date dictated 12/2/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/23/94, Page 2

[Redacted]

[Redacted]

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Memorandum



To : ADIC WMFO [redacted] (P)

Date 11/30/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

9/8/94

b6

File #s on which contacted (Use Titles if File #s not available)

b7C

46A-WF-179870, SUB UU

b7D

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870 UU

1

1

1 - 46A-WF-179870, SUB UU

Init. CWS/CWS

(3) - WMFO

see reverse side for statistics

-207

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/14/94

[redacted] was interviewed at the U.S. DEPARTMENT OF JUSTICE (DOJ), Washington, D.C., in the presence of DOJ Attorney [redacted]. The Cooperating Witness (CW) provided the following information during the interview:

CW advised that [redacted] was an instructor at the Middletown, Ohio, campus of CAMBRIDGE TECHNICAL INSTITUTE (CTI). [redacted] was a friend of [redacted] who was the Head Registrar for all of CTI's schools. [redacted] parents own a raceway in Lawrenceburg, Indiana. [redacted] and [redacted] both worked for a bank in Lawrenceburg after leaving CTI.

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CW informed that [redacted] was at CTI in 1988 and worked there until sometime around 1990. [redacted] had a "tiff" with [redacted] the President of CTI. [redacted] said that she could get [redacted] in trouble. CW recalled [redacted] saying that [redacted] did not want to "get into it" with her, because she had records that could damage him. CW thought the records included master rosters and similar documents.

CW advised that [redacted] was the Head of Placement for CTI's campus in Cincinnati, Ohio. She reported to [redacted] probably left CTI around 1989.

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Investigation on 9/8/94 at Washington, D.C. File # 46A-WF-179870, SUB UU

by SA [redacted] Date dictated 9/14/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 9/8/94, Page 2

[Redacted]

CW informed that [Redacted] was an instructor for BBC in Covington, Kentucky, until that campus was shut down. She is married to [Redacted]

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CW advised that [Redacted] brother, [Redacted] [Redacted] had done phone taps at the direction of [Redacted] CW furnished a telephone number of [Redacted] which he/she thought was [Redacted] number.

CW identified [Redacted]

[Redacted]

[Redacted]

[Redacted]

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46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 9/8/94, Page 3

[Redacted]

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[Redacted]

CW informed that WHITESELL had an apartment next to CTI's corporate office space.

[Redacted]

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46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 9/8/94, Page 4

CW stated that CTI personnel changed and altered records between the time the DOE reviewers arrived at CTI and the date that [REDACTED] allegedly went to the law enforcement authorities. Even after the "Feds" were supposedly notified, [REDACTED] had them continue to change records. According to [REDACTED] the law enforcement authorities told him to "document the fraud."

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C-9

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 11/30/94

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO DIRECTOR FBI/ROUTINE/

FBI CINCINNATI/ROUTINE/

BT

UNCLAS

CITE: //3920//

PASS: ENGINEERING SECTION - AUDIO VIDEO PROCESSING GROUP

SUBJECT: BIG BOUNCE; MAJOR CASE #55; OO:WMFO

RE 11/18/94 TELCALL BETWEEN SSA [REDACTED] ENGINEERING
SECTION, FBI ACADEMY, AND SA [REDACTED], WMFO,
NORTHERN VIRGINIA METROPOLITAN RESIDENT AGENCY, AND CINCINNATI
AIRTELS TO WMFO DATED 11/9/94 AND 11/14/94.

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FOR INFORMATION, THE ABOVE-CAPTIONED MATTER INVOLVES THE
INVESTIGATION OF FORMER U.S. CONGRESSMAN DONALD "BUZ" LUKENS
FOR ACCEPTING BRIBE PAYMENTS FROM OHIO BUSINESSMAN [REDACTED]

[REDACTED] OPERATED SEVERAL PROPRIETARY SCHOOLS

46A-WF-179870 UU-208

Approved: 460 (893)Original filename: 125001W.334Time Received: Telprep filename: 12500150.334MRI/JULIAN DATE: 1040 1335ISN: 009FOX DATE & TIME OF ACCEPTANCE: 12-1-94 5PM 8:21 AM

^PAGE 2 WMFO (46A-WF-179870 SUB UU) UNCLAS

IN SOUTHWESTERN OHIO. THE SCHOOLS SERVED AS A MECHANISM THROUGH WHICH [REDACTED] AND HIS PARTNER, HENRY WHITESELL, WERE ABLE TO DEFRAUD THE U.S. DEPARTMENT OF EDUCATION (DOE) OUT OF SEVERAL MILLION DOLLARS OF FINANCIAL AID MONIES. WHEN THEIR SCHOOLS GOT INTO TROUBLE WITH THE DOE, [REDACTED] AND WHITESELL PAID LUKENS TO INTERCEDE ON THEIR BEHALF.

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[REDACTED] MADE FOUR KNOWN PAYMENTS TO LUKENS TOTALLING \$20,000. WHITESELL WAS MURDERED A SHORT TIME AFTER THE DOE CONDUCTED A PROGRAM REVIEW OF THE SCHOOL OPERATED BY

[REDACTED] AND WHITESELL. THE MURDER IS PRESENTLY UNSOLVED.

[REDACTED] WHO WAS FORMERLY A CLOSE ASSOCIATE OF [REDACTED] HAS BEEN COOPERATING WITH THE FBI. [REDACTED] HAS CONSENSUALLY RECORDED SEVERAL CONVERSATIONS HE HAS HAD WITH [REDACTED] CONCERNING THE FACTS OF THE ABOVE-CAPTIONED CASE.

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SPECIFICALLY, [REDACTED]

[REDACTED] THE RECORDINGS WERE CONDUCTED IN CINCINNATI DIVISION TERRITORY AND THE ORIGINAL TAPES ARE CURRENTLY LOCATED IN CINCINNATI.

^PAGE 3 WMFO (46A-WF-179870 SUB UU) UNCLAS

IN REVIEWING THE TAPES PRODUCED FROM [REDACTED]
CONVERSATIONS WITH [REDACTED] IT WAS NOTED THAT THE
RECORDINGS ARE GENERALLY OF POOR QUALITY. IN REFERENCED
TELCALL, SSA [REDACTED] INDICATED THAT THE ENGINEERING SECTION MIGHT
BE ABLE TO ENHANCE THE TAPES TO SOME DEGREE. SSA [REDACTED] ADVISED
THAT THE ENGINEERING SECTION WOULD REQUIRE THE ORIGINAL TAPES
OF THE CONVERSATIONS. HE SUGGESTED THAT THE TAPES BE SENT
FROM THE CINCINNATI DIVISION TO THE ENGINEERING SECTION VIA
FEDERAL EXPRESS TO MAINTAIN THE CHAIN OF CUSTODY OF THE
EVIDENCE.

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THE U. S. DEPARTMENT OF JUSTICE (DOJ) PLANS TO SEEK
INDICTMENTS OF LUKENS, [REDACTED] AND POSSIBLY OTHERS BEFORE
THE SITTING GRAND JURY EXPIRES ON 12/23/94. THUS, IT IS
REQUESTED THAT THE FOLLOWING LEADS BE HANDLED AS EXPEDITIOUSLY
AS POSSIBLE. ANY QUESTIONS CAN BE DIRECTED TO SA [REDACTED]
[REDACTED] AT TELEPHONE NUMBER [REDACTED] OR PAGER [REDACTED]
[REDACTED]

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REQUEST OF THE BUREAU:

UPON RECEIPT OF ORIGINAL TAPES FROM THE CINCINNATI
DIVISION, IT IS REQUESTED THAT THE ENGINEERING SECTION ATTEMPT

^PAGE 4 WMFO (46A-WF-179870 SUB UU) UNCLAS

TO ENHANCE THE AUDIO QUALITY OF CONSENSUALLY RECORDED
CONVERSATIONS BETWEEN [REDACTED] AND [REDACTED] WHICH
TOOK PLACE ON [REDACTED] IT IS
ALSO REQUESTED THAT THE ENGINEERING SECTION PRODUCE FOUR
COPIES OF THE RECORDINGS OF EACH OF THE ABOVE-STATED
CONVERSATIONS IN THE FORMAT OF CASSETTE TAPES FOR USE BY WMFO,
DOJ, AND POSSIBLE PRESENTATION TO THE GRAND JURY.

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LEAD:

CINCINNATI DIVISION:

AT CINCINNATI, OHIO:

WILL SEND VIA FEDERAL EXPRESS TO THE ENGINEERING SECTION,
AUDIO-VIDEO PROCESSING GROUP, ORIGINAL RECORDINGS OF
CONSENSUALLY RECORDED CONVERSATIONS BETWEEN [REDACTED] AND

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[REDACTED] WHICH TOOK PLACE ON [REDACTED]
AND [REDACTED] THE RECORDINGS SHOULD BE SENT DIRECTLY TO THE
FBI, ENGINEERING RESEARCH FACILITY, BUILDING 27958 A,
QUANTICO, VIRGINIA 22135.

BT

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/2/94

[redacted] who resides at [redacted]
[redacted] telephone [redacted] was served with a
Federal Grand Jury subpoena issued on December 1, 1994, by the
United States District Court, Washington, District of Columbia
(D.C.). The subpoena requests [redacted] to appear to testify before
the Grand Jury on [redacted] in Washington,
D.C. He was also presented with a target letter and advice of
rights flyer.

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The subpoena was issued to [redacted] at his place of
employment, [redacted]
[redacted].

Investigation on 12/2/94 at Springdale, Ohio File # 46A-WF-179870 SUB UU
by SA [redacted] det:reh Date dictated 12/2/94 -208x1

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 12/2/94

Tyson

TO : ADIC, WMFO (46A-WF-179870-UU)
 (ATTN: SA [redacted] Tysons Corner RA)

FROM : SAC, CINCINNATI (46A-WF-179870) (MRA) (P)

SUBJECT : BIG BOUNCE;
 MAJOR CASE #55;
 OO: WMFO

Retelcal between SA [redacted] and SA [redacted]
 MRA, on 12/1/94 and Federal Express package from AUSA [redacted]
 [redacted] received at the MRA on 12/2/94 containing a US FGJ
 subpoena.

Enclosed for WMFO is one FD-340, containing an
 executed Federal Grand Jury subpoena, and the original and one
 copies of a FD-302 documenting service of the subpoena issued
 by the United States District Court, Washington, DC,
 commanding the [redacted] appearance of [redacted]

[redacted] failed to appear at the MRA on the morning
 of [redacted]
 [redacted] He never responded to messages
 left on his personal answering machine or his business voice
 mail on 12/1/94 to finalize details of his appearance.

[redacted] never provided documents regarding
 [redacted] which he promised to deliver on 12/1/94. Shortly after
 the service of the subpoena on [redacted] telephoned the
 MRA to say that [redacted] could deliver them personally on
 12/9/94.

③ - WMFO (Enc. 3)
 2 - Cincinnati
 REH:reh
 (5)

46A-WF-179870, SUB 44
 -20972

| | |
|--|---|
| SEARCHED <input checked="" type="checkbox"/> | INDEXED <input checked="" type="checkbox"/> |
| SERIALIZED <input checked="" type="checkbox"/> | FILED <input checked="" type="checkbox"/> |
| DEC 7 1994 | |

123

Approved: [Signature]

Transmitted _____

(Number) (Time)

Per _____



C9

FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☐ Immediate
☐ Priority
☒ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 521

Sender's Initials: JHD

Number of Pages: _____

To: GREAT LAKES HIGHIER ED. CORP. Date: 12/5/94
(Name of Office)

Facsimile number: (608) 246-1647

Attn: _____

(Name)

Room

Telephone No.)

b6
b7c

From: FBI-WMFO
(Name of Office)

Subject: Letter of request for
documents

Special Handling Instructions: Please provide ASAP

to _____

Originator's Name: SA _____

Telephone _____

Originator's Facsimile Number: (202) 324-6426

Approved: DB/CS

46A-WF-179870, SUB UU

76 FB/DOJ -209



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

1900 Half Street
Washington D. C. 20535
December 5, 1994

Ms. [redacted]
Great Lakes Higher Education Corporation
2401 International Lane
Madison, Wisconsin 53704

Dear Ms [redacted]

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I am writing to respectfully request production of copies of any reports, workpapers, correspondence, and other related documents pertaining to a program review conducted by Great Lakes Higher Education Corporation of Cambridge Technical Institute during June, 1990. Thank you for your assistance in this matter.

Sincerely, [redacted]

[redacted]
Special Agent

RESPONDENCE/MEMO

Great Lakes Higher Education Corporation

DATE: December 6, 1994

FAX TO: SA [REDACTED]

FAX# 202-324-6426

FROM: [REDACTED]

Compliance Specialist

PHONE # [REDACTED]

FAX # 608-246-1647

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Enclosed is the information we discussed yesterday regarding Cambridge Technical Institute.

If you have any questions, please contact me at the number listed above.

Thank you.

46A-WF-179870, SUB UU
-210

| | |
|--------------------------|---------|
| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| DEC 7 1994 | |
| FBI - WASH. FIELD OFFICE | |

INQUIRY REQUEST

NOTE: You must provide us with your name, section and the type of inquiry you are requesting, otherwise your request will not be processed.

NAME: 2400

SECTION: Guaranty Agency Servicing

(circle one)

GSL Loans GA Accounting
Landes Compliance
 State Loans GA Collections

Consumer Services Cashiering
 SCO B/L Accounting

- | | | |
|-------------------------|----------------------------|---------------------------------|
| A. DLS Demo | I. GA Loan/Disb/Cosign | P. GA Nonguarantee Payment |
| B. DLS Repayment | J. GA Guarantee | R. All DLS Disbursements |
| C. DLS Loan/Disb/Cosign | K. GA Default | S. All GA Disbursements |
| D. DLS Payment | L. GA Payment | |
| E. DLS Status | M. GA Correspondence | X. All GA Segments |
| F. DLS Correspondence | N. GA Change | Y. All DLS Segments |
| G. DLS Change | O. GA Nonguarantee Default | Z. ALL SEGMENTS (BOTH GA & DLS) |
| H. GA Demo | | |

LIST THE LETTERS OF SEGMENTS SELECTED E, F, X (maximum of 9)

| SOCIAL SECURITY # | (COMMENTS) | SOCIAL SECURITY # | (COMMENTS) |
|-------------------|------------|-------------------|------------|
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INQUIRY REQUEST

NOTE: You must provide us with your name, section and the type of inquiry you are requesting. otherwise your request will not be processed.

NAME: 2400

SECTION: Guaranty Agency Servicing

(circle one) GSI Loans GA Accounting Consumer Services Cashiering
State Loans GA Collections SCO B/L Accounting

- | | | |
|-------------------------|----------------------------|---------------------------------|
| A. DLS Demo | I. GA Loan/Disb/Cosign | P. GA Nonguarantee Payment |
| B. DLS Repayment | J. GA Guarantee | R. All DLS Disbursements |
| C. DLS Loan/Disb/Cosign | K. GA Default | S. All GA Disbursements |
| D. DLS Payment | L. GA Payment | |
| E. DLS Status | M. GA Correspondence | X. All GA Segments |
| F. DLS Correspondence | N. GA Change | Y. All DLS Segments |
| G. DLS Change | O. GA Nonguarantee Default | Z. ALL SEGMENTS (BOTH GA & DLS) |
| H. GA Demo | | |

LIST THE LETTERS OF SEGMENTS SELECTED E, F, X (maximum of 9)

Cambridge

| SOCIAL SECURITY # | (COMMENTS) | SOCIAL SECURITY # | (COMMENTS) |
|-------------------|------------|-------------------|------------|
|-------------------|------------|-------------------|------------|

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GREAT LAKES HIGHER EDUCATION CORPORATION

January 14, 1991



Cincinnati, OH 45202


Re: Estate of Louis H. Whitesell


Dear Attorney 

I understand that you are the administrator of Mr. Whitesell's estate. This letter is to inform you that Mr. Whitesell, as sole owner of Cambridge Technical Institute, remains indebted to the Great Lakes Higher Education Corporation in the amount of \$1,632.40. A copy of our last billing to Mr. Whitesell is attached.

The estate's payment for this bill should be made payable to Great Lakes Higher Education Corporation and sent to the following address:

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Great Lakes Higher Education Corporation
Attention: Lender Compliance - 
2401 International Lane
Madison, WI 53704

Your prompt attention to this matter will be greatly appreciated. If you have any questions regarding this matter, please call me at 

Sincerely,



Claims and Compliance Manager

IAE:jlh



GREAT LAKES HIGHER EDUCATION CORPORATION

January 14, 1991

[redacted] Director

Department of Education
Division of Audit and Program Review
400 Maryland Avenue, S.W.
ROB-3, Room 3717, Stop: 5354
Washington, DC 20202

Re: Cambridge Technical Institute--Referral in Lieu of Program Review Closeout

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Dear Ms. [redacted]

As you probably know, Henry Whitesell, the sole owner of Cambridge Technical Institute, is now deceased. Although we were able to collect most of the liability identified during our program review, \$1,632.40 remains outstanding. The Cambridge schools are all closed, and all financial matters are being handled by the estate administrator, [redacted]. We have filed a claim for \$1,632.40 with [redacted].

Since there appears to be nothing more we can do to close out our program review, we are referring the matter to your office for further action or close out as you deem appropriate. We are aware that the ED Region V Institutional Review Branch also performed a program review of this school and identified other school liabilities to ED. Your office or ED's General Counsel may wish to file a consolidated claim with Mr. Whitesell's estate.

Copies of our original report and all subsequent follow-up correspondence are attached for your files. If you have any questions, please call me at [redacted].

Sincerely,

[redacted signature]

Claims and Compliance Manager

IAE:jlh

cc: [redacted] ED - Region V



GREAT LAKES HIGHER EDUCATION CORPORATION

December 19, 1990

[redacted] President
Cambridge Technical Institute
c/o Bohécker's Business College
161 East Main Street
Ravenna, OH 44266

Re: School Program Review Close-out

Dear Mr. [redacted]

Our sincere condolences on the loss of your Chairman of the Board, Henry Whitesell.

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On June 18-20, 1990, we conducted a program review of Cambridge Technical Institute. Because of one outstanding issue, a close-out of this review has not yet occurred. Specifically, replacement checks for outstanding checks need to be issued, and corresponding interest and special allowance penalties need to be paid.

Enclosed is a copy of an October 15, 1990 letter addressed to Mr. Whitesell which discusses this matter in great detail.

This is our second letter to you regarding this matter. If we do not receive a response within 30 days, this entire matter will be turned over to the Department of Education for final determination. If you have any questions about this letter, please call me at [redacted]

Sincerely,

[redacted]
Compliance Manager

IAE:jmj



GREAT LAKES HIGHER EDUCATION CORPORATION

November 7, 1990

[redacted] President
Cambridge Technical Institute
30 Garfield Place, Suite 840
Cincinnati, OH 45202

Re: School Program Review Close-out

Dear Mr. [redacted]

Our sincere condolences on the loss of your Chairman of the Board, Henry Whitesell.

On June 18-20, 1990, we conducted a program review of Cambridge Technical Institute. Because of one outstanding issue, a close-out of this review has not yet occurred. Specifically, replacement checks for outstanding checks need to be issued, and corresponding interest and special allowance penalties need to be paid.

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b7c

Enclosed is a copy of an October 15, 1990 letter addressed to Mr. Whitesell which discusses this matter in greater detail.

Your prompt response would be greatly appreciated. If you have any questions about this letter, please call me at ([redacted])

Sincerely,

JAE/copy

[redacted]
Compliance Manager

JAE:jmj



GREAT LAKES HIGHER EDUCATION CORPORATION

October 15, 1990

Henry Whitesell
Chairman of the Board
Cambridge Technical Institute
30 Garfield Place, Suite 840
Cincinnati, OH 45202

Dear Mr. Whitesell:

Thank you for forwarding a detail of the school's outstanding check list. Three of the checks have been outstanding for more than 120 days. Two of these checks are for refunds on student loans guaranteed by the Great Lakes Higher Education Corporation. Please issue a replacement check of \$1,508.33 payable to Great Lakes Higher Education Corporation so refunds for these two accounts can be processed.

Because these two refunds are overdue, you must also reimburse the Department of Education for the interest and special allowance paid after the refund was originally due, which amounts to \$124.07 as shown below:

| Name | SSN | Refund Amount | Penalty Rate | Months Late | Interest & Special Allowance Penalty |
|-------------|-----|---------------|--------------|-------------|--------------------------------------|
| <div></div> | | \$1,024.86 | .0091 | 10 | \$93.27 |
| | | <u>483.47</u> | .0091 | 7 | <u>30.80</u> |
| | | \$1,508.33 | | | \$124.07 |

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b7c

The \$124.07 penalty check should also be made payable to Great Lakes Higher Education Corporation. Both checks should accompany your response to this letter. Part of the penalty check will be applied to the borrower's account to offset interest that has been overcharged. The remainder of the penalty amount will be forwarded to the Department of Education to offset the overbilled interest subsidy and special allowance.

A replacement check for should also be issued and sent to the appropriate lender.

Your response to this letter is required by October 31, 1990. Receipt of your response and checks will allow us to officially close out our school program review performed in June 1990. If you have any questions about this letter, please call me at

Sincerely,

Compliance Manager

JAE:le

2401 INTERNATIONAL LANE. MADISON, WISCONSIN 53704

LE(M)MSC:6671

Cambridge
Technical Institute

Accredited by
Council for Noncollegiate
Continuing Education



Approved by
State Board of School
and College Registration

Rec'd
10/3/90
JAE

October 1, 1990

Mr. [REDACTED] CPA
Compliance and Claims Manager
Great Lakes Higher Education Corporation
2401 International Lane
Madison, Wisconsin 53704

Dear Mr. [REDACTED]

b6
b7C

In response to your letter dated September 21, 1990, I am enclosing a list of outstanding checks written on the guaranteed student loan account to various banks and lending institutions. It appears that there are only two Great Lakes Higher Education Corporation outstanding checks. One of these was written to Bank One on behalf of [REDACTED] in January and the other was written to Great Lakes in conjunction with the program review.

If you have any questions concerning the list, please write or call.

Sincerely,

Henry Whitesell
Board Chairman

Enclosure

OUTSTANDING CHECKS

GUARANTEED STUDENT LOAN ACCOUNT

12/15
Check #7201
January 12, 1990
Bank One



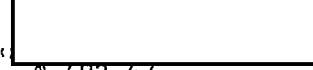
\$ 1,024.86
*

Check #7986
March 19, 1990
Fifth Third Bank



\$ 372.67

12/15
Check #8288
April 12, 1990
National City Bank



\$ 483.47
*

Check #8298
June 15, 1990
Ohio Student Loan
Commission



\$ 160.56

Check #8365
July 25, 1990
Great Lakes Higher
Education Corporation
Refunds

\$ 3,066.35 - partial to system

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GREAT LAKES HIGHER EDUCATION CORPORATION

September 21, 1990

Henry Whitesell
Chairman of the Board
Cambridge Technical Institute
30 Garfield Place, Suite 840
Cincinnati, OH 45202

Re: Close-out of Program Review
School No. 023015
Report Date: 06/28/90

Dear Mr. Whitesell:

On August 1, 1990 we requested a copy of your school's outstanding check list as discussed in Recommendation (c) of Section 3 of our June 28, 1990 Program Review report. As of today's date, we have not received a response to our request.

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You must provide the requested information no later than October 5, 1990. Failure to respond by that date will result in our initiation of limitation, suspension, and termination (L,S, and T) action.

If you have any questions about this matter, please call me at [REDACTED] However, no extensions of the date specified above will be accepted.

Sincerely,

copy

[REDACTED] CPA
Compliance Manager

JAE:jmj



GREAT LAKES HIGHER EDUCATION CORPORATION

August 1, 1990

Henry Whitesell
Chairman of the Board
Cambridge Technical Institute
30 Garfield Place, Suite 840
Cincinnati, OH 45202

RE: Close-out of Program Review
School No.: 023015
Report Date: 06/28/90

Dear Mr. Whitesell:

Thank you for your recent response to our program review report. It appears that all of our recommendations have been addressed satisfactorily. However, we will need a copy of your outstanding check list as discussed in Recommendation (C) of Section 3 before we can officially close out the review. After we receive and examine your outstanding check list, a copy of our report, your response, and a formal close-out letter will be forwarded to the U.S. Department of Education as required by federal regulations.

We regret that you felt that our use of the word "alarming" in regard to your school's default rate was inappropriate. We felt the word was appropriate because of the possible severe penalties facing any school with a default rate over 40 percent. Limitation, suspension and termination proceedings can be implemented in 1991 against schools whose 1989 cohort default rate exceeds 60 percent or whose default rate has not been reduced by an increment of at least five percentage points from the previous year's default rate. We remind you that your 1988 cohort default rate was 81.5 percent. Your 1987 rate was 85.0 percent.

Sincerely,

JAE/copy

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[Redacted Signature Box]
Compliance and Claims Manager

JAE:sjn

cc: U.S. Department of Education
Division of Audit and Program Reviews
Washington, DC

2401 INTERNATIONAL LANE, MADISON, WISCONSIN 53704

sn\w\cpr1\1

Cambridge
Technical Institute

Accredited by
Council for Noncollegiate
Continuing Education



Approved by
State Board of School
and College Registration

July 25, 1990

*Rec'd
7/30/90
JRE*

Mr. [redacted] C.P.A.
Compliance Manager
Great Lakes Higher Education Corporation
2401 International Lane
Madison, Wisconsin 53704

Dear Mr. [redacted]

This letter is to acknowledge receipt of your letter dated June 28, 1990 in reference to [redacted] and [redacted]'s visit to our school June 18 through 20. I commend them both for the way they conducted the review and I hope their stay was a pleasant one.

In this letter Mr. [redacted] Ms. [redacted] and myself are responding to the findings and our plan for implementation of the recommendations.

In the first paragraph of the introduction I think we had a slight misunderstanding about the status of Cambridge Technical Institute's four campuses. The Middletown Campus has not yet been closed. We are still teaching out "approximately 10 students." As soon as they graduate, which will be late fall or early winter we will officially close that campus. The Cincinnati Campus will close in October of this year.

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Looking next at the Finding and Recommendations we agree with the findings in A and B in Section I. In response to Item A under recommendations, the student in question, [redacted], sent us a statement concerning her tax return. She did not have the statement signed by a notary public, however. We are attempting to get Ms. [redacted] and a notary public together, but have not been successful to date. We ask for a 30 day extension until August 24.

Under Item 2 Enrollment Verification Reports we agree with the findings. As recommended we are reimbursing the Department of Education \$27.60 for overpaid interest benefits.

Under Item 3 Refunds we agree with the findings made by the review team. Under item A of the recommendations our staff is in the process of tightening controls so that our bookkeeping department will know within 14 days when a student withdraws before graduation. As soon as we are certain that a student has withdrawn and has not been granted a medical

leave of absence refunds will be made within 30 days of the drop date. Under Item B the school agrees with the refunds and penalties as shown on the attached schedule 1. Our check is enclosed with this letter.

We need copy of list.
Our bookkeeper is compiling a list of outstanding refund checks. A stop payment will be issued for any check which has not cleared the bank in 120 days and a new check will be issued and sent. We uncovered an instance where a bank had our check in its file for nearly 10 months. We issued a new check to the bank upon that discovery.

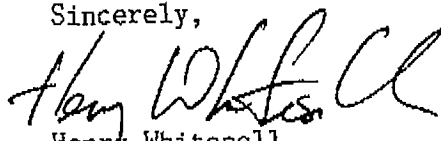
Under Item 4 Check Disbursement Procedure we agree with the findings. We have instructed all our financial aid officers to return loan checks for non attending students to the bank as quickly as it is determined that the student is not attending or was an enter only.

Under point number 5 Default Management we take exception with the use of the word "alarming" in sentence one of the findings. It sounds similar to "editorializing" found in "yellow" journalism.

We have implemented a default management program and are acting diligently to help reduce the number of students who default on their loans.

Cambridge Technical Institute will and always has tried to provide quality education to "less fortunate" students. We are proud of the number of graduates that we have had through the years that have gone on to take their place in the work force in their selected areas of study. Many of our graduates are welfare recipients who have bettered their lives through the education they received at Cambridge Technical Institute. We have always felt that proprietary schools should not compete for potential four-year or junior-college students who would be better off attending a state supported or private university or college. Instead proprietary schools should focus upon educating persons who would otherwise have not attended a post secondary institution. Those persons usually become welfare recipients or are stuck in low-paying, dead-end jobs.

Sincerely,



Henry Whitesell
Board Chairman

Enclosure

Cambridge
Technical Institute

Accredited by
Council for Noncollegiate
Continuing Education



Approved by
State Board of School
and College Registration

July 27, 1990

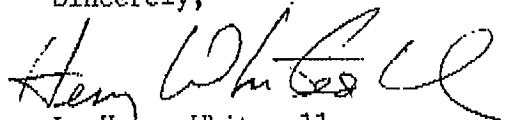
Mr. [REDACTED] C.P.A.
Compliance Manager
Great Lakes Higher Education Corporation
2401 International Lane
Madison, Wisconsin 53704

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Dear Mr. [REDACTED]

In my letter to you dated July 25, 1990 I had asked for a 30 day extension to obtain [REDACTED] tax return. We received the tax return today and I am enclosing it with this letter. We will not need the 30 day extension I had asked for.

Sincerely,


L. Henry Whitesell

LHW/cmc

Enclosure



GREAT LAKES HIGHER EDUCATION CORPORATION

June 28, 1990

Henry Whitesell, Chairman of the Board
Cambridge Technical Institute
30 Garfield Place, Suite 840
Cincinnati, OH 45202

Dear Mr. Whitesell:

We appreciate the time and cooperation devoted by the staff of your Financial Aid Office and you during [redacted] and [redacted] visit to your school on June 18-20, 1990. At that time, we conducted a review based on the Stafford and PLUS/SLS Special Examination Program for the Cambridge Technical Institute for the 1988-89 and 1989-90 school years.

The scope of the review was limited to testing specified elements in the Special Examination Program and was not intended to encompass all policies, procedures, rules and regulations of the Great Lakes Higher Education Corporation and/or the Department of Education. It was also not designed to be performed in accordance with generally accepted auditing standards.

The examination findings and recommendations discussed in the attached report are intended solely for the use of management and should not be used for any other purpose. In connection with the procedures performed, no matters came to our attention that caused us to believe the specified elements were in noncompliance except those stated in the accompanying report.

If we had performed additional procedures or made an examination of the financial statements of the Stafford and PLUS/SLS programs of the Cambridge Technical Institute in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the specified elements referred to in the Stafford and PLUS/SLS Special Examination Program for the Cambridge Technical Institute and does not extend to any other reports or financial statements.

Acknowledgement of receipt of this letter is requested within 30 days. Your comments concerning the findings and your anticipated plan for implementation of the recommendations would also be appreciated. A copy of this report and your response will be forwarded to the U.S. Department of Education, Division of Audit and Program Review, as required by federal regulations.

We would be happy to provide you with any additional technical assistance that may be necessary to implement the recommendations. Feel free to contact us at [redacted]

Sincerely,

copy

[redacted]
Compliance Manager

Attachment

cc: [redacted] Acting Director of Financial Aid

2401 INTERNATIONAL LANE, MADISON, WISCONSIN 53704

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**GREAT LAKES HIGHER EDUCATION CORPORATION
STAFFORD AND PLUS/SLS SPECIAL EXAMINATION PROGRAM**

**For Cambridge Technical Institute
School ID No. 023015**

June 18-20, 1990

INTRODUCTION

Cambridge Technical Institute is a proprietary post-secondary school accredited by the Council for Non-Collegiate Continuing Education. The school has four campuses located in Cleveland, Cincinnati, Dayton and Middletown, Ohio. The Middletown campus has been recently closed and the school is in the process of closing the Cincinnati campus. We were informed that the school also intends to close both the Cleveland and Dayton campuses within the next two years.

The school's last Program Participation Agreement with the Department of Education (ED) was signed August 25, 1988. That agreement allowed the school to participate in the Stafford, PLUS and SLS guaranteed student loan programs. However, since the school's 1987 and 1988 cohort default rates exceed 30 percent, the school lost its eligibility to certify SLS loans effective January 1, 1990. Since July 1, 1988, Great Lakes Higher Education Corporation (Great Lakes) has guaranteed over \$6.3 million of student loans for Cambridge Technical Institute students. This report relates solely to loans guaranteed by Great Lakes.

The objective of our examination was to determine whether the Cambridge Technical Institute is complying with ED and Great Lakes rules and regulations concerning the Stafford and PLUS/SLS Loan Programs. Our examination focused on five primary areas. We reviewed a sample of student financial aid files to verify the accuracy of student eligibility and financial information provided on student loan applications. We also reviewed attendance records for the sampled students to verify the accuracy of enrollment status information reported on the quarterly Enrollment Verification Reports. Some of the students in our sample have withdrawn from school. Their accounts were reviewed for proper calculation and payment of school refunds. In addition, we reviewed the Stafford and SLS check disbursement procedures to verify that the checks are appropriately safeguarded and disbursed to students in a timely manner. Finally, we reviewed the school's compliance with its default management plan. Our findings and recommendations in each of these areas are discussed in the following five sections of this report.

Certain errors discussed in the following sections have resulted in penalty assessments against the school. We also found that three refund payments are due. These penalties and refunds total \$3,066.35, as shown on the attached schedule 1. Please make your check payable to Great Lakes Higher Education Corporation and send it to Great Lakes' School Compliance Section within 30 days. We will apportion this payment between the borrowers' outstanding balances and ED.

1. SCHOOL CERTIFICATIONS ON LOAN APPLICATIONS

Schools are responsible for providing most of the student loan eligibility verifications. The primary information provided on each application includes the estimated cost of education, other financial aid received by the student, the expected family contribution, and certifications as to the student's enrollment status and academic progress.

Findings:

We reviewed the financial aid files for 52 students who received loans during the 1988-89 and 1989-90 school years. We found that the financial information and other certifications on 49 students' applications were accurate and properly documented. The following errors were noted:

- (A) A copy of the tax return was not found in the file of one student selected for verification. The student had indicated that she filed a 1988 tax return.
- (B) The "expected family contribution" (EFC) was incorrectly reported for two students. In both cases, financial need was calculated for only one quarter and the school used one-third (3 months) of the EFC when determining financial need. However, according to the Student Aid Report, the EFC was identical for one, two or three quarters. Fortunately, in neither case did the student receive excess financial aid.

Recommendations:

- (A) A copy of the tax return or a certified statement that no tax return was filed must be obtained from the borrower discussed in Finding (A). A copy of the return or statement must be forwarded to Great Lakes' School Compliance Section within 30 days of the date of this report. Failure to obtain either document will result in the school's liability for this borrower's loan. Section 668.58 of the federal regulations prohibits disbursement of loan proceeds until verification has been completed.
- (B) Fortunately, the incorrect reporting of the EFC did not result in the students' receipt of excess financial aid. However, the school must assure that the EFC is correctly reported on all Stafford applications.

2. ENROLLMENT VERIFICATION REPORTS

Five times each year, Great Lakes requests enrollment status information for each borrower who has loans in the "in-school" or "school deferment" status. An Enrollment Verification Report (EVR) is sent in October, December, February, June, and August to each borrower's last known school of enrollment. The accuracy of this enrollment data is critical since the student's eligibility for federal interest subsidy benefits and deferral of loan repayment are based on this information. Students must be enrolled on at least a half-time basis to maintain their in-school status. Borrowers who leave school for more than their

six or nine-month grace period and subsequently return generally must be enrolled full time to qualify for a school deferment.

Findings:

We compared the status of 52 students included on the 1988-89 and 1989-90 EVR reports with school records and found:

- (A) The enrollment information was correct for 50 students.
- (B) An incorrect less than half-time (LTH) date was reported for one student. This student attended to September 7, 1989 but an LTH of June 23, 1989 was reported. The student had been on a leave of absence from June 23, 1989 to July 31, 1989.
- (C) The other student last attended on August 28, 1989. This date was never reported to Great Lakes or the lender. Great Lakes used the student's anticipated graduation date of October 15, 1989 as the last date attended. As a result of this error, ED overpaid interest subsidy benefits to the lender.

Recommendation:

The accuracy of graduation, withdrawal and LTH dates reported on the quarterly EVR is imperative because those dates are used by our agency and the lenders to establish when borrowers' federal interest subsidy benefits end and loan repayment obligations begin. The percentage of errors found in our sample was relatively small (less than 4%) so it appears that the school's procedures in completing the EVR's are appropriate. However, the school must reimburse ED for the overpaid interest benefits discussed in Finding (C). This overpayment totals \$27.60, as shown on the attached Schedule 1.

3. SCHOOL REFUNDS

Schools are required to have a fair and equitable refund policy for students who withdraw. Federal regulations require schools to pay any refund allocable to a student loan directly to the lender. Schools must make refund payments within 60 days of the withdrawal determination. The students must be notified about these payments.

Findings:

- (A) We reviewed the files of 11 students who qualified for a school refund based on their withdrawal dates. In six cases, we found that a refund was properly calculated and a check was processed in a timely manner. The following errors were noted:
 - (1) Refunds for two students were calculated correctly but paid approximately one month late.
 - (2) A refund for another student was properly calculated and processed; however, the refund check was not sent to the lender.

- (3) Refunds for the other two students had not been calculated or paid. In one case, the student was charged for her third quarter tuition although she stopped attending after the end of the second quarter. In the other case, the student was granted two leaves of absence for the summer and fall quarters of 1989. Both leaves of absence were granted in October 1989 even though the student last attended in August 1989. Consequently, a credit balance of Title IV funds was held in the student's account from August 1989 until the student finally returned to school in January 1990. The leaves of absence granted to the student exceeded the maximum 60 days allowed by federal regulations.
- (B) Although checks were processed for eight refunds, we could only find proof that two refund checks had been cashed by the lenders. We requested the school to investigate the outstanding check list and were informed that the six other refund checks were on this list. One check has been outstanding since September 1989, one from January 1990, and the other four since April 1990.
- (C) The school's last Student Financial Assistance (SFA) audit report, dated November 20, 1989, includes Finding (2) about late payment of refunds. This finding states that 37 of 83 refunds tested were late, an error rate of 44%. However, 34 of these late refunds were ten days late, while the other three were 44, 63 and 85 days late. We were informed by school personnel that ED has requested, based on this finding, that all refunds be reviewed for timeliness so that interest and special allowance penalties can be assessed. School personnel indicated that this review will be performed as part of the next scheduled SFA audit.

Recommendations:

- (A) The school must assure that school refunds are made within the 60-day requirement. Late refunds result in excess interest and special allowance payments by the Department of Education. Borrowers may also be affected because of incorrect repayment terms established by their lenders. Please explain how this problem will be resolved in your response to this report.
- (B) The school must make refunds for the three students discussed in Findings (A-2) and (A-3). The school is also liable for the excess interest and special allowance payments on these three refunds, as well as the two late refunds discussed in Finding (A-1). The refunds and penalties equal \$2,955.13, as shown on the attached Schedule 1.
- (C) A copy of the outstanding check list must be sent to us for our review. We also suggest that this list be analyzed by school personnel on a monthly basis. Refund checks which have not cleared within 120 days should be investigated.

4. CHECK DISBURSEMENT PROCEDURES

Lending institutions are required to send Stafford and SLS loan checks to the schools for distribution. Schools must verify loan eligibility, notify the students that their checks have arrived and adequately safeguard the checks until distributed to the students or returned to the lenders.

Findings:

- (A) We found that the school's procedures for notifying students that their checks have arrived and safeguarding loan checks prior to distribution are adequate. However, we found that a loan check was disbursed to a student who was not enrolled at least half-time. This student had originally enrolled to start classes on May 22, 1989, but subsequently changed the starting date to August 11, 1989. A check was disbursed to the student and paid to the school for tuition charges on June 30, 1989.
- (B) We also noted that student loan checks were disbursed to four students who did not maintain eligibility. In each of these cases, the students left school and then returned to school at a later date. Federal regulations require that a student be continuously enrolled on at least a half-time basis to maintain eligibility for student loan benefits.
- (C) Finally, we noted that seven loan checks for nonattending students were returned to the lenders one to five weeks late.

Recommendations:

- (A) We recalculated financial need based on the periods of actual attendance for the students discussed in Findings (A) and (B) and found that none of the students received excess student loan benefits. Therefore, no refunds need to be processed. However, the school must properly handle these situations in the future. If a student does not attend as scheduled, the loan application must be cancelled. A new loan application must then be completed for the new anticipated attendance period. When a student loses eligibility (drops below half-time status) a refund should be calculated and paid. If the student reenrolls or regains eligibility, a new loan application can be processed.
- (B) According to current federal regulations, the school is required to return a student loan check to the lender within 30 days of determining that a borrower has not registered or is enrolled less than half-time. Schools are subject to Department of Education penalties, equalling the amount of interest subsidy and special allowance benefits paid to the lender, if a student loan check is held too long. Therefore, penalty payments are due for the errors discussed in Finding (C). This payment totals \$83.62, as shown on the attached Schedule 1.

5. DEFAULT MANAGEMENT

Finding:

The school's fiscal year 1988 default rate, as calculated by ED, was an alarming 81.5 percent. This represents a slight decrease of 3.5 percent from the 1987 default rate of 85.0 percent. Because of the excessive default rates experienced in 1987 and 1988, the school will be subject to limitation, suspension or termination (LST) actions by ED unless it can get its 1989 default rate under 60 percent. If such an action is initiated, the school would have to demonstrate that it has acted diligently to implement all default reduction measures described in Appendix D.

We reviewed the school's documentation regarding procedures adopted to comply with Appendix D. We only tested for compliance with specified elements of Appendix D including delayed check delivery, pro-rata refunds and loan counseling. No exceptions were noted.

SCHEDULE 1.

CAMBRIDGE TECHNICAL INSTITUTE

PENALTY CALCULATION DUE TO LATE AND UNPAID REFUNDS

| Section/ Finding | Name | Soc. Sec. No. | Refund | | | Stafford Penalty Computation* | | | Refund Amt. Due | Total Due |
|---------------------|------|---------------|------------|-------|-----------------------|-------------------------------|-------|----------|---------------------|------------------|
| | | | Amount | Due | Paid | # of Mos. Monthly Months | Rate | Penalty | | |
| 2-C | | | \$2,625.00 | N/A | N/A | 2 | .08 | \$27.60 | | \$27.60 ED |
| 3-A(3) | | | 1,136.00 | 11/89 | R=2/2/90 160 days | 9** | .0091 | 93.04 | 39.82 B 1,136.00 | 1,229.04 5320 E |
| 3-A(1) | | | 558.00 | 08/89 | 09/89 | 1 | .0091 | 5.08 | | 5.08 ED |
| 3-A(3) | | | 1,152.00 | 10/89 | R=1/26/90 180 days | 10** | .0091 | 104.84 | 40.94 1,152.00 | 1,256.84 57.00 E |
| 3-A(1) | | | 411.00 | 06/89 | 07/89 | 1 | .0091 | 3.74 | | 3.74 ED |
| 3-A(2) | | | 411.72 | 07/89 | R=6/23/89 220 days | 13** | .0091 | 48.71 | 19.84 411.72 | 460.43 28.87 |
| 4-C | | | 1,312.00 | 02/90 | 02/90 | 1 | .0091 | 11.94 | | 11.94 ED |
| 4-C | | | 1,313.00 | 03/90 | 04/90 | 1 | .0091 | 11.95 | | 11.95 ED |
| 4-C | | | 1,312.00 | 05/90 | 06/90 | 1 | .0091 | 11.94 | | 11.94 ED |
| 4-C | | | 1,313.00 | 04/90 | 05/90 | 1 | .0091 | 11.95 | | 11.95 ED |
| 4-C | | | 1,313.00 | 04/89 | 05/89 | 1 | .0091 | 11.95 | | 11.95 ED |
| 4-C | | | 1,313.00 | 06/89 | 06/89 | 1 | .0091 | 11.95 | | 11.95 ED |
| 4-C | | | 1,312.00 | 05/90 | 06/90 | 1 | .0091 | 11.94 | | 11.94 ED |
| TOTALS | | | | | | | | \$366.63 | \$2,699.72 | \$3,066.35 |

* The Stafford Penalty Computation is calculated using the "simplified method" allowed by ED in its 03/15/90 letter labeled GACO-90-8. The school may recalculate using actual days and actual special allowance rates if it so chooses.

** If refund made by July 31, 1990.

ED 260.03
243-70-8251 1,175.82
268-78-7182 1,198.94
289-68-1916 431.56
3066.35

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/3/95

[] was contacted at her place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Chicago, Illinois, telephone number []. After being advised of the identity of the interviewing Agent and the nature of the interview, [] furnished the following information:

[] advised that she participated in a program review conducted by the DOE at CAMBRIDGE TECHNICAL INSTITUTE (CTI) during August, 1990. The DOE was located at CTI's main campus in Cincinnati, Ohio, in an upstairs room with conference tables. The DOE reviewers did not work at the corporate office of CTI. [] recalled that, when they initially arrived, [] put them in a classroom until HENRY WHITESELL could get there.

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[] remembered [] bringing CTI records to the DOE reviewers. She did not recall HENRY WHITESELL or [] physically bringing records to them. [] advised that [] and [], of the DOE, had most of the contact with [] and HENRY WHITESELL. [] and [] made most of the records requests on behalf of the DOE.

[] did not recall having to wait long periods of time to obtain records from CTI. She recalled talking with other DOE personnel about the possibility that CTI was altering and fabricating records. The DOE reviewers suspected that CTI was perpetrating a fraud. [] stated that she did not actually observe CTI employees altering records. However, [] recalled reviewing neatly done student ledger cards on which all of the entries appeared to have been made in the same handwriting. She suspected that the entries were probably all written at the same time, as would have been the case if CTI was creating false student ledger cards.

[] remembered [] coming to the DOE's location on a couple of occasions with HENRY WHITESELL. One time, WHITESELL and [] had a female attorney with them.

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(telephonically)

Investigation on 12/6/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [] Date dictated 1/3/95

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED], On 12/6/94, Page 2

[REDACTED] indicated that most of the DOE's requests for information went to [REDACTED]. If there was a problem, he would get his father. [REDACTED] remembered [REDACTED] recommending a restaurant for the DOE reviewers on one occasion.

[REDACTED] recalled hearing that [REDACTED] had cancer and was going for chemotherapy treatments. [REDACTED] did not remember how she heard about [REDACTED] cancer, but she did not think she heard it from [REDACTED] directly.

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[REDACTED] advised that, during the course of the DOE program review of CTI, she never went to CTI's corporate office. She stayed at CTI's Cincinnati campus the whole time.

[REDACTED] stated that the DOE program review of CTI during August, 1990, was the first such assignment for her. She commented that everything seemed new to her.

[REDACTED] advised that, sometime after the DOE program review of CTI, she was contacted by [REDACTED] regarding BOHECKER'S BUSINESS COLLEGE (BBC). The contact concerned a review [REDACTED] had done of BBC. [REDACTED] recalled participating in a meeting with [REDACTED] of the DOE, and possibly [REDACTED].

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/4/95

[redacted] DOB: [redacted], was contacted at this place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Institutional Review Branch, 401 South State Street, Room 700D, Chicago, Illinois 60605, telephone number [redacted]. [redacted] is an Institutional Review Specialist for the DOE. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

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[redacted] advised that he participated in a program review conducted by the DOE Institutional Review Board of CAMBRIDGE TECHNICAL INSTITUTE (CTI) during August, 1990. The DOE reviewers were located at CTI's campus in Cincinnati, Ohio. [redacted] recalled going to CTI's corporate office, which was also located in Cincinnati, with [redacted] on at least one occasion.

[redacted] stated that the DOE experienced significant delays in acquiring from CTI records it had requested for review. [redacted] commented that the delays by CTI in producing records were the worst he had ever experienced on any program review he had been a part of. [redacted] informed that schools are required by law to make available their books and records for review by the DOE. Schools are also required to maintain records for a set period of time after a student has attended classes. [redacted] stated that the DOE suspected that CTI was altering or creating records to cover up problems they did not want the DOE to discover. [redacted] stated that, from his experience in conducting program reviews, he has learned that anytime there is a delay in the production of documents, there is a good chance that records are being "manufactured." [redacted] recalled going with [redacted] to the CTI corporate office to "eyeball" what was going on there and to inquire as to why there were so many delays by CTI in producing the requested records. [redacted] recalled someone mentioning something about a recent prior review and records being in archives.

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Investigation on 12/6/94 at Falls Church, Virginia File # 46A-WF-179870 Sub UU

by SA [redacted] :eas Date dictated 1/3/95

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 12/6/94, Page 2

[REDACTED] advised that HENRY WHITESELL was involved in the day to day operations of CTI. [REDACTED] was an official of CTI and was supposed to have been involved in organizing the production of CTI records for the DOE. [REDACTED] had responsibility for financial aid records of CTI students.

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[REDACTED] recalled [REDACTED] coming to CTI's Cincinnati school where the DOE program reviewers were located. [REDACTED] told the DOE representatives that he had certain responsibilities regarding the production of the CTI records requested by the DOE. [REDACTED] said that he had a life-threatening illness and was undergoing treatments. [REDACTED] believed that [REDACTED] was suffering from cancer. Because of his medical problems, [REDACTED] asserted that he was unable to devote 100 percent of his efforts to producing the records needed by the DOE reviewers. [REDACTED] claimed that his medical condition was the reason the DOE was not receiving records on a timely basis. [REDACTED] stated that [REDACTED] accepted responsibility for CTI's failure to provide the requested records in a timely manner. [REDACTED] recalled that [REDACTED] appeared to be sick. [REDACTED] stated that [REDACTED] talked in a low baritone voice and may have walked with a limp. [REDACTED] advised that [REDACTED] was accompanied by WHITESELL. [REDACTED] recalled that the DOE representatives kept wondering why [REDACTED] assistants could not produce the needed records.

[REDACTED] stated that, aside from the above-stated instance when [REDACTED] made the pronouncement about his illness, [REDACTED] usually only came over to CTI's Cincinnati campus to offer excuses for delays in the production of records. For the most part, the DOE dealt with WHITESELL and his son, [REDACTED]. The records provided to the DOE by CTI were generally handled by HENRY or [REDACTED] did not remember [REDACTED] bringing records to the DOE reviewers. [REDACTED] stated that he did not initially receive the records produced by CTI. Under the DOE's "chain of command," all of the CTI records went through [REDACTED] or [REDACTED]. This system was necessary to make sure the receipt of the records was recorded properly.

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[REDACTED] advised that the specific delays in the production of records by CTI caused the DOE to make changes in the order of its program review. [REDACTED] also suspected that

46A-WF-179870 Sub UU

Continuation of FD-302 of [REDACTED], On 12/6/94, Page 3

there were "substantial gaps" in the records actually produced by CTI.

[REDACTED] informed that, at some time after the DOE program review at CTI [REDACTED] came to Chicago, Illinois, with his attorney to meet with DOE representatives. [REDACTED] recalled that [REDACTED] attorney was married to [REDACTED] [REDACTED] stated that [REDACTED] came in and denied having knowledge of any improprieties going on at CTI. [REDACTED] recalled that [REDACTED] claimed he only found out about the problems at CTI after HENRY WHITESELL's death. [REDACTED] told the DOE officials that records had been "discovered" regarding the situation at CTI. [REDACTED] claimed he had no prior knowledge of the records. [REDACTED] indicated that he wanted to provide the records to the DOE. However, [REDACTED] said he would only produce the records if their production had no effect on the eligibility of BOHECKER'S BUSINESS COLLEGE (BBC) for financial aid. That was [REDACTED] condition for turning over the records. [REDACTED] did not know whether the CTI records were ever produced by [REDACTED].

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[REDACTED] stated that he was aware of acts of violence that were connected to CTI. He recalled that a CTI student made accusations against CTI to a state regulatory authority. The student was beaten by employees of CTI. The beating was allegedly administered on the orders of HENRY WHITESELL. [REDACTED] recalled that the DOE learned the foregoing information from a former student at CTI. [REDACTED] remembered observing big "bodyguards" lurking around CTI.

[REDACTED] described [REDACTED] as being on the "dark side," controlling and intimidating individuals.

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[REDACTED] recalled that there was an initial inquiry into the DOE audit of CTI made by U.S. Congressman DONALD "BUZ" LUKENS. [REDACTED] remembered [REDACTED] talking about LUKENS' inquiry.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/4/95

[] was contacted at her place of employment, U.S. DEPARTMENT OF EDUCATION (DOE), Institutional Review Branch, Institutional Monitoring Division, P.O. Box 23800, LaFant Plaza Station, S.W., Washington, D.C. 20026, telephone number [] [] is an Institutional Review Specialist for the DOE. After being advised of the identity of the interviewing Agent and the nature of the interview, [] furnished the following information:

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[] advised that she participated in a program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI) during August, 1990. [] stayed for two weeks of the program review conducted by the DOE at CTI. [] recalled that the State of Ohio was investigating CTI, and that an official from the State of Ohio assisted the DOE during the review.

[] stated that she was given the impression that [] was a co-owner of CTI with HENRY WHITESELL. [] recalled that [] either presented himself to the DOE as a co-owner of CTI, or that WHITESELL introduced [] to the DOE reviewers as a part-owner. [] stated that she thought [] had an ownership interest in CTI.

[] informed that [] was not at CTI on the day the DOE representatives arrived to begin the program review. She recalled that most of their initial involvement was with WHITESELL's son, [] did not remember HENRY WHITESELL being extensively involved with the DOE reviewers. [] recalled that, during the second week of the program review, WHITESELL had to leave to enroll another son in school. At that point, [] became more involved with the program review.

[] advised that [] was the person who handled most of the requests made by the DOE reviewers and furnished most of the information they needed. He was the CTI representative the DOE reviewers dealt with the most as far as

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(telephonically)

Investigation on 12/6/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [] Date dictated 1/4/95

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED], On 12/6/94, Page 2

[REDACTED] obtaining records of CTI. [REDACTED] claimed that he did not know much about financial aid. [REDACTED] recalled that a black man also provided some of the CTI records to the DOE representatives. [REDACTED] thought the man could have been [REDACTED] did not remember [REDACTED] bringing documents to the DOE reviewers.

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[REDACTED] recalled [REDACTED] being involved in meetings between the DOE and CTI and discussing issues concerning CTI's operation. [REDACTED] recalled [REDACTED] sitting at a conference table and speaking with the DOE representatives about the findings of the program review. [REDACTED] stated that [REDACTED] did not look good, and that he said he was sick. The DOE reviewers were suspicious as to whether [REDACTED] was really sick.

[REDACTED] advised that the DOE experienced delays in getting records and information requested from CTI. CTI officials claimed that the files requested were not physically located in their building. [REDACTED] believed the DOE eventually received the information it wanted from CTI. However, she commented that the DOE reviewers felt that they did not get the full information pertaining to what was going on at CTI. [REDACTED] stated that, while the program review was ongoing, the DOE reviewers suspected that a lot of the material they received from CTI had been tampered with. [REDACTED] indicated that she had no direct observations of CTI employees tampering with records. [REDACTED] advised that the DOE obtained as much information as possible during the program review. The DOE even borrowed a xerox machine to copy information from CTI.

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[REDACTED] described her impression of the level of cooperation provided by CTI officials including [REDACTED] and HENRY WHITESELL. She stated that the CTI representatives tried to make it seem like they were being cooperative when that was not really the case.

[REDACTED] commented that the DOE reviewers "never felt comfortable" while they were conducting the program review at CTI. They suspected that CTI personnel were listening to their conversations. [REDACTED] mentioned that they were aware of violent actions being taken against individuals who had caused trouble for CTI. [REDACTED] advised that the DOE reviewers changed the

46A-WF-179870, SUB UU

Continuation of FD-302 of , On 12/6/94, Page 3

locations where they were staying once or twice over the course of the program review.

 informed that, prior to the program review at CTI in August, 1990, the DOE had learned of physical attacks on students who had voiced complaints against CTI. She recalled that was the victim of one such attack. advised that the DOE was aware that CTI was recruiting students from welfare lines and other similar locations.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/17/95

[redacted] was contacted at her place of employment, Office of Admission and Financial Aid, Kellogg Graduate School of Management, Northwestern University, telephone number [redacted], facsimile number (708) 491-4960. [redacted] is the Associate Director of Financial Aid for the Kellogg Graduate School of Management. After being apprised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that she was formerly employed with the U.S. DEPARTMENT OF EDUCATION (DOE), Institutional Review Branch, located in Chicago, Illinois. While employed with the DOE, [redacted] led a review team that conducted an unannounced program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI). b6 b7C

[redacted] informed that the DOE requested numerous documents and records from CTI pursuant to the program review. [redacted] advised that the DOE experienced significant delays in getting the needed information from CTI. She recalled that CTI delayed providing student files and student ledger cards that the DOE requested from CTI. [redacted] remembered that the DOE dealt primarily with [redacted] and later with HENRY WHITESELL concerning its acquisition of records from CTI. [redacted] indicated that [redacted] was not substantially involved in the records production process. She did not recall [redacted] bringing records to the DOE reviewers. 

[redacted] recalled an instance where [redacted] asked CTI to produce attendance records for CTI students. [redacted] responded something to the effect of, "We only keep them for two quarters." [redacted] advised [redacted] that CTI was required to maintain such attendance records for five years. [redacted] nodded his head. [redacted] advised that CTI later produced the attendance records. The DOE made comparisons of students' attendance recorded on individual attendance cards with figures on instructors' attendance records and found discrepancies. [redacted] commented that it was probably too hard for CTI to create b6 b7C

(telephonically)

Investigation on 12/7/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 1/17/95

46A-WF-179870, SUB UU

Continuation of FD-302 of _____, On 12/7/94, Page 2

false instructor attendance records to identically match the other records relating to particular students.

_____ advised that the DOE asked CTI for lists identifying the students of CTI. DOE representatives, including WHITESELL, claimed that they did not have any such lists.

_____ went along with WHITESELL's assertions to that effect. The DOE later discovered that CTI had all kinds of lists, contrary to the representations of WHITESELL and _____.

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_____ stated that _____ was apparently pretending to have cancer while the DOE program review was going on at CTI. _____ recalled that, before she met _____ for the first time, WHITESELL told her that _____ had leukemia and was very sick. WHITESELL mentioned that _____ was undergoing chemotherapy treatments. When _____ initially met _____ he acted as if he was very sick. He walked slow and talked in a low mumble. _____ commented that he was "putting on a show" for the DOE representatives. _____ recalled that _____ wanted to be present for the DOE's exit interview with CTI. _____ said he had to reschedule his treatments so that he would be available at the time of the exit interview. _____ advised that, despite _____'s alleged cancer, she caught him smoking cigarettes. _____ wondered whether _____'s outward manifestations of sickness were part of a plan concocted by WHITESELL and _____.

_____ advised that she saw _____ approximately nine months later when she conducted a review of BOHECKER'S BUSINESS COLLEGE (BBC). _____ seemed to be doing fine healthwise. At one point, _____ was yelling at _____ and another DOE representative. _____ asked _____ something to the effect of, "What happened to your cancer?" _____ looked shocked and his mouth hung open. _____ did not say anything in response to _____'s question about his alleged cancer.

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_____ recalled that the DOE dealt with _____ regarding records concerning the placement of CTI graduates. _____ stated that the DOE knew CTI had a poor record as far as placing its graduates in jobs. _____ remembered that WHITESELL kept putting off the DOE reviewers from talking with _____.

46A-WF-179870, SUB UU

Continuation of FD-302 of _____, On 12/7/94, Page 3

When they eventually talked to _____, he did not have the required records.

_____ stated that she and _____ observed CTI employees altering records during the period of the DOE program review in August, 1990. _____ advised that she and _____ went unannounced to CTI's corporate office to try to speak with _____. When they arrived, they observed CTI employees making changes on Pell worksheets. _____ recalled seeing a white man and white woman working on the records. _____ and _____ asked to speak to WHITESELL. The CTI employees told _____ and _____ that WHITESELL was out of town. _____ stated that the employees were lying, because they could hear WHITESELL talking in another room.

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_____ advised that the DOE made numerous photocopies of CTI records during the August, 1990, program review. However, the DOE did not take original records from CTI. Sometime after WHITESELL's death, the DOE received original Pell rosters or ledgers, unnegotiated Guaranteed Student Loan (GSL) refund checks, and other records related to CTI. The DOE received these original records from FEDERAL BUREAU OF INVESTIGATION (FBI) Special Agent (SA) _____. SA _____ had acquired the records from former CTI employee _____. _____ informed that an analysis of the records determined that, in instances where CTI "whacked the Pell" (i.e., drew Pell Grants for students not in school), the receipts of Pell funds were marked in blue on the appropriate Pell rosters or ledgers. _____ noted that post-it notes on CTI student ledger cards corresponded to the blue markings on the Pell rosters.

_____ stated that the DOE reviewers saw _____ at the BBC school in Middletown, Ohio, the night before they began the program review. _____ chased them out of the BBC location and wanted to know what they were doing there.

_____ advised that she never saw _____ again during the period of the program review. _____ did not recall seeing _____ or _____ during the program review.

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_____ advised that the DOE reviewers spoke softly and wrote notes to one another while they were doing their work during the program review of CTI. The DOE reviewers were

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED], On 12/7/94, Page 4

concerned that CTI had "bugged" the room they were in and that their conversations were being overheard.

[REDACTED] believed that [REDACTED] had an ownership interest in CTI. Numerous people at CTI were under the impression that [REDACTED] was a part-owner and had gotten some CTI stock from WHITESELL.

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[REDACTED] provided her home telephone number of [REDACTED]
[REDACTED] She can sometimes be reached at her mother-in-law's residence, telephone number [REDACTED]

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/17/95

[redacted] was contacted at the U.S. DEPARTMENT OF EDUCATION (DOE) Office in Kansas City, Missouri, telephone number [redacted]. After being apprised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

[redacted] advised that she participated in a program review of CAMBRIDGE TECHNICAL INSTITUTE (CTI) conducted by the DOE during August, 1990. When the DOE reviewers arrived at CTI, they initially dealt with [redacted], brought over his father, HENRY WHITESELL, to meet with the DOE officials. The DOE reviewers gave a list to HENRY WHITESELL of students for whom they wanted to review records maintained by CTI.

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[redacted] stated that there were delays in obtaining requested records from CTI. She recalled being told that some of the records were stored in a warehouse in Middletown, Ohio. [redacted] thought [redacted] may have later brought these records from Middletown. [redacted] advised that [redacted] was not at CTI when the DOE reviewers initially arrived. She recalled WHITESELL telling them that [redacted] was undergoing chemotherapy treatments.

[redacted] informed that [redacted] and HENRY WHITESELL brought records and information to the DOE reviewers from CTI's corporate office. She also recalled a female CTI employee bringing over information. [redacted] commented that she was not around CTI's location much of the time while the program review was ongoing. [redacted] spent a lot of her time doing interviews of CTI students at the Attorney General's Office in Cincinnati, Ohio. [redacted] stated that the DOE tried to interview students who had talked to the LEGAL AID SOCIETY (LAS) and some of the students in their audit sample to determine whether they were actually enrolled at CTI or not.

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[redacted] stated that [redacted] represented to the DOE reviewers that he was very sick. [redacted] could not recall

(telephonically)

Investigation on 12/7/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 1/17/95

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED], On 12/7/94, Page 2

whether [REDACTED] specifically said he had cancer. She thought [REDACTED] said he was getting chemotherapy treatments. HENRY WHITESELL told the DOE representatives that [REDACTED] was undergoing chemotherapy. WHITESELL and [REDACTED] cited the chemotherapy treatments as the reason [REDACTED] had not been present at CTI during some of the time the program review had been going on. [REDACTED] advised that the DOE reviewers discussed [REDACTED]'s condition among themselves. They felt that [REDACTED] did not look very sick. His hair was not falling out, and he had a ruddy complexion, rather than pale as one might expect of a person undergoing chemotherapy treatments.

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[REDACTED] stated that the DOE reviewers suspected that CTI was creating fictitious records to justify draws of financial aid monies. [REDACTED] recalled that the DOE received individual student account cards from CTI. The handwriting and ink appeared to be the same for all of the entries on some cards, as if one person had made all of the entries (for various different dates) at the same time.

[REDACTED] advised that the DOE asked CTI to produce instructor-generated class attendance records. [REDACTED] responded that CTI did not have such class attendance lists. [REDACTED] told [REDACTED] that the DOE was going to take an exception for every instance where CTI could not produce appropriate class attendance records. That would have meant that CTI would have had to pay back financial aid monies received on each student for whom such attendance records were lacking. [REDACTED] reported that CTI ultimately "found" the instructors' class attendance records, which consisted of notebooks by class, and provided them to the DOE reviewers. [REDACTED] did not remember what efforts were made to compare the instructors' class attendance records with students' individual attendance records. [REDACTED] indicated that WHITESELL's death a short time later may have caused such efforts by the DOE to be cut short.

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[REDACTED] commented that the DOE's request for the instructor-generated daily class attendance records caused [REDACTED] to panic. She stated that CTI was already rewriting individual student account cards and attendance records. [REDACTED] stated that the task of creating false instructor attendance records was just too massive for CTI to do. [REDACTED] explained that CTI could not simply add students' names to the end of the instructors' attendance rosters, or it would have been obvious

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED]

, On 12/7/94, Page 3

that the records had been altered. To integrate specific students' names into the instructors' attendance lists among dozens of other students would have been very time-consuming. [REDACTED] described the instructors' class attendance records as the critical documents that the DOE requested from CTI during the program review. [REDACTED] commented that their request for such records "freaked" [REDACTED]

[REDACTED] recalled that [REDACTED] came to Chicago, Illinois, during early 1991 to meet with DOE officials. [REDACTED] school, BOHECKER'S BUSINESS COLLEGE (BBC), had been placed on "reimbursement" status by the DOE. [REDACTED] came to Chicago to attempt to get BBC out of the "reimbursement" classification, which inhibited BBC's access to financial aid funds. [REDACTED] recalled that [REDACTED] may have talked about his alleged illness while meeting with the DOE in Chicago. b6 b7C

[REDACTED] described [REDACTED] as a "real redneck." She mentioned that [REDACTED] had made racially offensive remarks to an investigator from the State of Ohio.

46A-WF-179870, SUB UU
CWS/cws

On 12/8/94, [] was contacted regarding suggestions for determining past subscribers to a Capitol Hill telephone number with a 225 exchange. Source provided the following information:

Source advised that, contrary to what others might say, all telephone numbers on Capitol Hill are assigned through the communications division, and a record of subscribers to the numbers should exist somewhere. Source informed that the U.S. Senate handles the phone systems for both the Senate and the House of Representatives. He/she stated that the Senate Sergeant-At-Arms (SAA) is ultimately in charge of the telephone systems. [] is the new SAA for the Senate. Source informed that the supervisor of the phone systems is [] [] The Chief Operator is [] who can be reached at telephone number []

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While the switchboard for both the Senate and House of Representatives is located in Room 180 of the Senate Dirksen Building, the House has its own repair and technical people. They are located in the Ford Building at 2nd and D Streets, telephone number []. The Senate repair people are located in Room B46 in the basement of the Dirksen Building. The exchange for Senate telephone numbers is 224 while the exchange for House numbers is 225.

Source advised that he/she used to maintain telephone directories for the Senate and House of Representatives but had thrown them away.

46A-WF-179870 Sub UU
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| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| JAN 4 1994 | |
| FBI - [] | |

Memorandum



To : ADIC WMFO [redacted] (P)

Date 12/8/94

From : SA [redacted] (C-9)

Subject : [redacted]

b6
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b7D

Dates of Contact

11/5/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1 -
1 -

1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

46A-WF-179870 UU
 mp mp -212

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/15/94

[redacted] was telephonically contacted at his/her residence and provided the following information to SA [redacted]

[redacted]

[redacted]

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b7D

[redacted]

b6
b7C
b7D

[redacted]

(telephonically)

Investigation on 11/5/94 at College Park, Maryland File # 46A-WF-179870, SUB UU

by SA [redacted] Date dictated 11/15/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/5/94, Page 2

[Redacted]

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CW informed that [Redacted] is still attempting to sell
BOHECKER'S BUSINESS COLLEGE.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/15/94

On 12/9/94, [redacted] black male, DOB [redacted]
[redacted] POB Middletown, Ohio, SSAN [redacted] appeared at the
U.S. Courthouse in Washington, D.C., pursuant to a Federal Grand
Jury subpoena [redacted] was accompanied by his attorney, [redacted]
[redacted]

Pursuant to a Grand Jury subpoena, [redacted]

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b6
b7C

Investigation on 12/9/94 at Washington, D.C. File # 46A-WF-179870, SUB UU
by SA [redacted] Date dictated 12/15/94

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Memorandum



To : ADIC WMFO [redacted] (P)

Date 12/2/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

11/3/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

b6
b7C
b7D

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU
MB MB
214

1 - [redacted]
1 - 46A-WF-179870, SUB UU

Init. CWS/CWS
(2) - WMFO

see reverse side for statistics

46A-WF-179870, SUB UU
CWS/cws

On 11/3/94 [REDACTED] was telephonically contacted by SA [REDACTED], and furnished the following information:

Cooperating Witness (CW) stated that, prior to the program review conducted by the U.S. DEPARTMENT OF EDUCATION (DOE) at CAMBRIDGE TECHNICAL INSTITUTE (CTI) during August of 1990, there were rumors that HENRY WHITESELL and [REDACTED] were illegally taking Pell Grant money. CW recalled hearing such rumors mentioned during a conversation he/she had with [REDACTED] and possibly others. At the time, CW thought WHITESELL had already agreed to shut down the CTI schools, so CW was not particularly worried about the allegations.

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CW advised that, after [REDACTED] left CTI, WHITESELL handled the administration of student financial aid for CTI. [REDACTED] handled financial aid for BOHECKER'S BUSINESS COLLEGE.

The following investigation was conducted by SA [redacted]
[redacted] on the dates indicated:

On 11/3/94, a review was conducted of FBIHQ file #161-HQ-15798. The file documented a background investigation conducted on [redacted] white male, [redacted] POB Brooklyn, New York, Social Security Account Number (SSAN) [redacted] holds B.A. and law degrees from the University of Virginia. From March, 1974, to September, 1979, [redacted] served as Assistant Counsel to the U.S. Senate Permanent Subcommittee on Investigations in Washington, D.C., under U.S. Senator SAM NUNN. [redacted] was removed from his position with the subcommittee when it was learned that he had entered into a book contract with a committee witness named [redacted] [redacted] was convicted of racketeering charges and was associated with organized crime. The book was to be about [redacted] life, including his participation in the government's witness protection program. [redacted] neglected to disclose the book contract to the Senate. [redacted] continued to work on committee business involving [redacted]. At the recommendation of his staff, NUNN pushed for [redacted]'s release from prison. When NUNN later learned of [redacted] conflict of interest involving [redacted] he forced [redacted] to resign. [redacted] was subsequently nominated for a seat on the FEDERAL TRADE COMMISSION (FTC). Due to the negative publicity surrounding his removal from the Senate subcommittee, [redacted] was unable to attain the support necessary from the U.S. Senate to confirm his nomination. Attached for incorporation herein is one copy of a Washington Post newspaper article, dated 11/16/81, which contains additional details about the aforementioned situation.

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Additionally, from approximately 1984 through 1985, [redacted] was one of the subjects of an FBI investigation in New York City. One victim paid \$25,000 to [redacted] and others for feasibility studies on means to extricate [redacted] and his wife from the Soviet Union. The U.S. Attorney's Office for the Southern District of New York ultimately declined prosecution.

Documents copied from FBIHQ file #161-HQ-15798 pertaining to both [redacted]'s problems with the U.S. Senate Permanent Subcommittee on Investigations and [redacted] involvement in the Fraud By Wire investigation are being maintained in the 1A section of the file.

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On 11/7/94, SSA [redacted], FBI, Dallas Division, was contacted while she was attending an In-Service at the FBI Academy in Quantico, Virginia. SSA [redacted] advised that she has known [redacted] and [redacted]'s wife, [redacted], for several years. [redacted] used to live near [redacted] and his wife when she

was assigned to FBIHQ and [] and his wife lived on a boat docked at the Gangplank Marina on Water Street in Washington, D.C. [] recalled [] having a relationship with or mentioning U.S. Congressman PHIL CRANE. CRANE is a member of the U.S. House of Representatives from Illinois.

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Reagan FTC Nominee Was Forced From Job As Senate Staff Aide

FTC Nominee Is in Jeopardy

By Merrill Brown

Washington Post Staff Writer

The nomination of F. Keith Adkinson, national director of Democrats for Reagan in the 1980 campaign, to a Democratic seat on the Federal Trade Commission, is threatened by charges that he acted improperly while he was a Senate staff member, sources said yesterday.

In 1979, Sen. Sam Nunn (D-Ga.), chairman of the Senate permanent subcommittee on investigations, forced Adkinson to resign from the staff after he learned that the aide had signed a book contract with a committee witness and failed to disclose it as the subcommittee's leadership felt he should have under Senate rules.

A Justice Department investigation cleared Adkinson at the time, but the Senate Commerce Committee is restudying the episode as it weighs his nomination. Sources said it appears that all of the committee's Democratic members are prepared to vote against the nomination. FTC observers see the appointment as an important one, because the current four commission members are expected to divide their votes evenly on many issues.

The controversy over Adkinson arose after he

See FTC, A16, Col. 1

FTC, From A1

and the witness, Gary Bowdach, convicted of racketeering charges, signed a contract in December, 1978, for a book about Bowdach's life, including his participation in the government's witness protection program.

Adkinson wrote a chapter for the book in January, 1979, but did not notify his superiors of the contract until August that year. In a signed statement, he said that profits from the book and related projects would be split equally between the two men. However, he said none of the work would go forward until he left the subcommittee.

Adkinson has told investigators that because no money changed hands, he was not required to disclose the contract to the Senate on May 15, when Senate rules require employees to report outside activities involving compensation. But that did not satisfy the subcommittee's leadership which asked him to resign. Adkinson has since abandoned the book project.

Congressional investigators are also evaluating charges raised in the confidential FBI check on Adkinson's nomination that after the book contract was signed, Adkinson continued to work on committee business involving Bowdach. In fact, at the recommendation of committee staff, Nunn pushed for Bowdach's release from prison.

Bowdach was released in December, 1978, but was returned to prison in 1979. Nunn again sought his release on the advice of his staff, which still included Bowdach. Nunn has refused to comment, as has Adkinson, who said through an attorney that he would say nothing until his confirmation hearing.

Sen. Robert Kasten (R-Wis.),

chairman of the Senate Commerce consumer subcommittee, agreed last week to postpone the committee hearing for a second time after Sen. Howard Cannon (D-Nev.), the committee's ranking minority member, could not attend. "From what I know I still support him," Kasten said last week. Another hearing is tentatively scheduled for Thursday.

Adkinson, now a labor lawyer with a Washington firm, was confronted with the charges and his political problems Thursday in a meeting with James A. Baker III, White House chief of staff. Adkinson said he would continue to seek the post and Baker said the administration would continue to support him.

In papers filed with the Senate Commerce Committee last month, Adkinson said that during the five years he worked for the subcommittee "there were instances when allegations of impropriety were made against" the panel's staff, including one instance when anonymous charges were made against him.

Adkinson said those allegations were "immediately referred" to Justice, which "dismissed" them after an investigation. Adkinson wrote that he had advised the White House of the charges before he was nominated on Oct. 19.

The Senate investigation began, in part, because some Senate Democrats felt they were not adequately consulted about the nomination. Adkinson is believed to be the first new Democratic appointment Reagan had made to a regulatory commission.

Senate Democrats have also questioned Adkinson's affiliation because of his campaign ties to Reagan. Adkinson, however, says he has been a registered Democrat since 1966.

"THE WASHINGTON POST"
MONDAY, NOVEMBER 16, 1981

6-Dec-81

Memorandum



To : ADIC WMFO [redacted]

(P)

Date 12/12/94

From : SA [redacted]

(C-9)

Subject : [redacted]

b6
b7C
b7D

Dates of Contact

11/6/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870 uu
 mf mf 215

1 - [redacted]

1 - [redacted]

1 - 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

83

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/15/94

[redacted] was telephonically contacted at his/her residence. The Cooperating Witness (CW) provided the following information:

[redacted]

b6
b7C
b7D

[redacted]

[redacted]

[redacted]

b6
b7C
b7D

[redacted]

(telephonically)

Investigation on 11/6/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 11/15/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 11/6/94, Page 2

[Redacted]

[Redacted]

[Redacted]

b6
b7C
b7D

CW stated that [Redacted] swore that he had broken up
with [Redacted]

Memorandum



To : ADIC WMFO [redacted] (P) Date 12/15/94

From : SA [redacted] (C-9)

Subject : [redacted]

Dates of Contact

11/10/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE

☒ POSITIVE

☐ STATISTIC

(See attached insert)

b6

b7C

b7D

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1

1 - 46A-WF-179870, SUB UU

1 -

Init. CWS/cws

(2) - WMFO

see reverse side for statistics

-216

46A-WF-179870, SUB UU
CWS/cws

On 11/10/94 [REDACTED] contacted SA [REDACTED]

[REDACTED] and provided the following information:

Cooperating Witness (CW) stated that [REDACTED]
had called him/her that night and talked for awhile. [REDACTED]
told CW that he would call him/her again after [REDACTED]
testifies before the Grand Jury the following week.

b6
b7C
b7D



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 46A-WF-179870, SUB UU

1900 Half Street
Washington D. C. 20535
January 18, 1995

Hamilton County Department of Human Services
628 Sycamore Street
Cincinnati, Ohio 45202

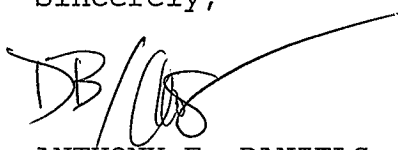
Attn: Human Resources

Dear Sir or Madam,

Pursuant to an official investigation, it is necessary for the Federal Bureau of Investigation (FBI) to get in touch with [redacted] Mr. [redacted] formerly worked in the program operated by the Hamilton County Department of Human Services (HCDHS). It is respectfully requested that the HCDHS provide the FBI with any information in its files concerning the possible whereabouts of Mr. [redacted], such as his last known address, telephone number, date of birth, Social Security Account Number, family members, emergency contacts, and other similar information. The information should be provided to the attention of Special Agent [redacted], at telephone number [redacted] or facsimile number (202) 324-6426. Thank you for your assistance in this matter.

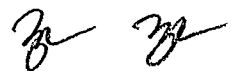
b6
b7c

Sincerely,


ANTHONY E. DANIELS
Assistant Director In Charge

By: [redacted]
Supervisory Special Agent





-217
46A-WF-179870, SUB UU

FBI

C-9

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 1/11/95

TO : DIRECTOR, FBI (46A-WF-179870)
 (Attn: SSA [REDACTED] ENGINEERING SECTION,
 AUDIO VISUAL PROCESSING GROUP,
 FBI ACADEMY)

FROM : SAC, CINCINNATI (46A-WF-179870) (MRA) (P)

SUBJECT : BIG BOUNCE
 MAJOR CASE #55
 OO:WMFO

Re WMFO teletype to Bureau, 11/30/94.

REQUEST OF THE BUREAU

The Engineering Research Section, Audio-Video Processing Group, is requested to make enhancement copies of the original tapes being submitted by Cincinnati. The enhanced copies should be forwarded to SA [REDACTED], WMFO, Northern Virginia Metropolitan RA, Squad C-9.

b6
b7C

- 3 - Bureau
 (2 - 46A-WF-179870)
 (1 - Package Copy)
 ③ - WMFO
 (2 - 46A-WF-179870)
 (1 - SA [REDACTED], NVRA, C-9)
 2 - Cincinnati

REH/csf
 (8)

46A-WF-179870, SUB UU
 -218

| | |
|----------------------|-------------------|
| SEARCHED <i>LB</i> | INDEXED <i>LB</i> |
| SERIALIZED <i>LB</i> | FILED <i>LB</i> |
| JAN 23 1995 | |
| [REDACTED] | |

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

46A-WF-179870

Being forwarded under separate cover for audio enhancement are six (6) original audio cassettes, identified as follows, which contain consensually monitored conversations between Cooperating Witness [] and subject, []
[]

One Audio Cassette - 6/2/94
Telephonic Conversation

b6
b7C

Two Audio Cassettes - 8/26/94
Face-to-Face Conversation

Two Audio Cassettes - 11/6/94
Telephonic Conversation

..

One Audio Cassette - 11/10/94
Telephonic Conversation

The above described tapes are being sent via Federal Express to the FBI, Engineering Research Facility, Building 27958 A, Quantico, Virginia 22135.

Memorandum



To : ADIC WMFO [redacted] (P)

Date 1/11/95

From : SA [redacted] (C-9)

Subject : [redacted]

b6
b7C
b7D

Dates of Contact

12/17/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

Purpose and results of contact

☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached FD-302)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870 SUB UU
 JB [initials] -218
 X1

1

1

① 46A-WF-179870, SUB UU

Init. CWS/cws

(3) - WMFO

see reverse side for statistics

12/3/95

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/30/94

[redacted] was telephonically contacted and provided the following information:

The Cooperating Witness (CW) stated that, at about 10:15 a.m. on 12/17/94, he/she was visited by [redacted]

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b7D

b6
b7C
b7D

[redacted] mentioned that [redacted] had appeared before the Grand Jury in Washington, D.C. [redacted]

(telephonically)

Investigation on 12/17/94 at Falls Church, Virginia File # 46A-WF-179870, SUB UU

by SA [redacted] Date dictated 12/30/94

46A-WF-179870, SUB UU

Continuation of FD-302 of COOPERATING WITNESS, On 12/17/94, Page 2

[Redacted]

[Redacted]

b6
b7C
b7D

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

b6
b7C
b7D

Memorandum



To : ADIC WMFO

(P)

Date 1/17/95

From : SA

(C-9)

Subject :

Dates of Contact

12/19/94

File #s on which contacted (Use Titles if File #s not available)

46A-WF-179870, SUB UU

b6

b7C

b7D

Purpose and results of contact

- ☐ NEGATIVE
☒ POSITIVE
☐ STATISTIC

(See attached insert)

Description of

Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been definitely decided that this person is to be a witness in a trial or hearing.

PERSONAL DATA

46A-WF-179870, SUB UU

m -218
 X2

1 -
 1 - 46A-WF-179870, SUB UU

1 -
 Init. CWS/cws
 (2) - WMFO

see reverse side for statistics

PB/15

46A-WF-179870, SUB UU
CWS/cws

On 12/19/94, [redacted] furnished the following
information to SA [redacted]

Cooperating Witness (CW) stated that [redacted]
has not attempted to contact him/her since the visit from [redacted]
[redacted]. CW also stated that [redacted] has
not attempted to reach him/her since the call to CW's spouse on
[redacted]

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CW advised that his/her whole family witnessed the
visit from [redacted]. He/she informed that his/her
[redacted] also observed [redacted] when he
came to see CW.

09
~~C-2~~

0116 MRI 01845

RR FBIWMFO

DE FBIWMFO #0029 0272225

ZNR UUUUU

R 271954Z JAN 95

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO FBI CLEVELAND/ROUTINE/

BT

UNCLAS

CITE: //3920//

PASS: SSRA [REDACTED] AKRON RA.

SUBJECT: BIG BOUNCE; MAJOR CASE #55; 00:WMFO.

ARMED AND DANGEROUS

RE 10/14/94 TELETYPE FROM WMFO TO CLEVELAND AND 1/26/95

TELCALLS BETWEEN SSA [REDACTED], CLEVELAND DIVISION, AND SA

[REDACTED], WMFO DIVISION, NVMRA, AND SSRA [REDACTED]

b6
b7C

[REDACTED] CLEVELAND DIVISION, AKRON RA, AND SA [REDACTED]

FOR INFORMATION OF CLEVELAND, THE FEDERAL GRAND JURY IN
THE DISTRICT OF COLUMBIA IS CURRENTLY HEARING TESTIMONY ON AN
ASPECT OF THE HOUSE BANK CASE INVOLVING THE BRIBERY OF FORMER

46A-WF-179870 UU-219

mf mf

JS

PAGE TWO DE FBIWMFO 0029 UNCLAS

U.S. CONGRESSMAN DONALD "BUZ" LUKENS BY OHIO BUSINESSMAN [REDACTED]

[REDACTED] A SUBPOENA WAS ISSUED FOR WITNESS [REDACTED]

[REDACTED] TO TESTIFY BEFORE THE GRAND JURY ON [REDACTED]

[REDACTED] PURSUANT TO REFERENCED TELCALLS, THE SUBPOENA WAS

SENT VIA EXPRESS MAIL TO THE AKRON RA FOR SERVICE. ANY

QUESTIONS CONCERNING THIS MATTER CAN BE DIRECTED TO SA [REDACTED]

[REDACTED], AT [REDACTED] OR PAGER [REDACTED]

LEAD:

CLEVELAND DIVISION:

AT STOW, OHIO:

WILL SERVE GRAND JURY SUBPOENA ON [REDACTED] NEE

[REDACTED] WHITE FEMALE, DOB [REDACTED] SSAN [REDACTED]

SELOVER RESIDES AT [REDACTED]

TELEPHONE NUMBER [REDACTED] SHE WORKS AT [REDACTED]

[REDACTED] TELEPHONE

NUMBER [REDACTED].

BT

#0029

NNNN

b3
b6
b7C

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 2/6/95

FM FBI WMFO (46A-WF-179870 SUB UU) (P)

TO FBI CINCINNATI/PRIORITY/

BT

UNCLAS

CITE: //3920//

PASS: SA [REDACTED] MIDDLETOWN RA

SUBJECT: BIG BOUNCE; MAJOR CASE #55; OO:WMFO

FORMER U.S. CONGRESSMAN DONALD E. "BUZ" LUKENS

ARMED AND DANGEROUS

RE 11/30/94 TELETYPE FROM WMFO TO CINCINNATI, 1/11/95
 AIRTEL FROM CINCINNATI TO DIRECTOR, AND 2/2/95 TELCALL BETWEEN
 SA [REDACTED] CINCINNATI DIVISION, MIDDLETOWN RA, AND SA
 [REDACTED] WMFO DIVISION, NVMRA.

FOR INFORMATION OF CINCINNATI, WMFO IS CONDUCTING AN
 INVESTIGATION FOCUSING ON ALLEGED BRIBE PAYMENTS MADE BY OHIO
 BUSINESSMAN [REDACTED] TO FORMER U.S. CONGRESSMAN DONALD

b6
 b7c

46A-WF-179870 UU-221
 [Handwritten signatures and initials]

Approved: [Signature]Original filename: 1es002w.037Time Received: 356/38Telprep filename: 1es00250.037MRI/JULIAN DATE: 356/38ISN: 010FOX DATE & TIME OF ACCEPTANCE: 2/6/95 2/6/95 1105pm

^PAGE 2 WMFO (46A-WF-179870 SUB UU) UNCLAS

E. "BUZ" LUKENS. [] OPERATED CAMBRIDGE TECHNICAL INSTITUTE (CTI), WHICH RAN TRADE SCHOOLS THROUGHOUT OHIO. IMPROPRIETIES AT CTI CREATED THE NECESSITY FOR [] TO SEEK LUKENS' HELP AND ULTIMATELY PAY THE BRIBES.

[] WAS A KEY CTI EMPLOYEE AND A CLOSE ASSOCIATE OF [] HAS BEEN SUBPOENAED BEFORE THE GRAND JURY IN WASHINGTON, D. C. ON TWO OCCASIONS. HE HAS BEEN LESS THAN FORTHRIGHT IN HIS TESTIMONY. FOR A PERIOD OF TIME, [] OPERATED AN OFFSHOOT TO CTI, AN ENTITY CALLED CAMBRIDGE CHILD CARE (CCC). CCC'S PURPOSE WAS TO PROVIDE CHILD CARE SERVICES FOR THE CHILDREN OF STUDENTS ATTENDING CTI. [] CLAIMS THAT CTI FAILED TO PROVIDE THE FUNDING HE NEEDED TO OPERATE CCC. BECAUSE OF THE SHORTAGE OF FUNDS, [] NEGLECTED TO PAY CERTAIN TAXES AND OTHER EXPENSES REQUIRED TO BE PAID TO THE GOVERNMENT ON THE EMPLOYEES OF CCC. AS A RESULT, [] INCURRED A LARGE TAX LIABILITY WITH THE INTERNAL REVENUE SERVICE (IRS) [] CLAIMS THAT HE STILL OWES A SUBSTANTIAL SUM OF MONEY TO THE IRS, AND THAT HE REMAINS PERSONALLY LIABLE FOR THE PAYMENT OF THE OBLIGATION SINCE HE WAS LISTED AS THE SOLE PROPRIETOR OF CCC. IN AN

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b6
b7C

^PAGE 3 WMFO (46A-WF-179870 SUB UU) UNCLAS

INTERVIEW WITH THE FBI, [REDACTED] STATED THAT HIS EX-WIFE,

[REDACTED] OPERATED CCC FOR A PERIOD OF TIME.

OHIO DEPARTMENT OF MOTOR VEHICLE (DMV) CHECKS HAVE
INDICATED THAT [REDACTED] EX-WIFE IS PROBABLY [REDACTED]
[REDACTED] DOB [REDACTED] SSAN [REDACTED] OHIO DRIVER'S LICENSE
NUMBER [REDACTED] 5'3", 142 POUNDS, BLACK HAIR, BROWN EYES.
HER LAST KNOWN ADDRESS WAS [REDACTED] MIDDLETOWN,
OHIO 54044. SHE APPARENTLY HAS A NON-PUBLISHED TELEPHONE
NUMBER.

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U.S. DEPARTMENT OF JUSTICE (DOJ) ATTORNEYS HOPE TO SEEK
AN INDICTMENT IN THIS CASE BEFORE THE END OF FEBRUARY, 1995.
IF IS REQUESTED THAT THE FOLLOWING LEAD BE HANDLED AS
EXPEDITIOUSLY AS POSSIBLE.

LEAD:

CINCINNATI DIVISION

AT MIDDLETOWN, OHIO

WILL ATTEMPT TO LOCATE AND INTERVIEW [REDACTED]
OBTAIN BACKGROUND REGARDING HER MARRIAGE TO [REDACTED]
THE NUMBER OF YEARS THEY WERE MARRIED, WHEN THEY WERE
DIVORCED, AND WHETHER THEIR DIVORCE WAS AMICABLE. WILL

b6
b7C

^PAGE 4 WMFO (46A-WF-179870 SUB UU) UNCLAS

QUESTION [REDACTED] ABOUT HER KNOWLEDGE OF HER HUSBAND'S
EMPLOYMENT AT CAMBRIDGE TECHNICAL INSTITUTE (CTI). DID HER
EX-HUSBAND MENTION ILLEGAL OR IMPROPER ACTIVITIES GOING ON AT
CTI? AREAS OF CONCERN COULD HAVE BEEN USING IMPROPER METHODS
TO RECRUIT STUDENTS TO CTI, RECRUITING STUDENTS WHO WERE NOT
CAPABLE OF PERFORMING THE WORK REQUIRED AT CTI JUST TO SIGN
THEM UP FOR FINANCIAL AID, CTI SCHOOL OFFICIALS TAKING PELL
GRANT AND GUARANTEED STUDENT LOAN (GSL) MONEY FOR STUDENTS WHO
WERE NOT IN SCHOOL, SCHOOL OFFICIALS FAILING TO MAKE REQUIRED
REFUNDS OF FINANCIAL AND FUNDS FOR STUDENTS WHO HAD DROPPED
OUT OF CTI, THE CREATION AND ALTERATION OF RECORDS TO DECEIVE
REGULATORY OFFICIALS, AND THE USE OF THREATS AND INTIMIDATION
AGAINST PERSONS WHO REPORTED THE IMPROPRIETIES AT CTI TO
REGULATORY AUTHORITIES. [REDACTED] SHOULD ALSO BE QUESTIONED
ABOUT HER KNOWLEDGE OF A PROGRAM REVIEW CONDUCTED AT CTI BY
THE U.S. DEPARTMENT OF EDUCATION (DOE) DURING AUGUST, 1990.
DID [REDACTED] ADMIT TO FALSIFYING CTI RECORDS AND FILES
TO DECEIVE THE DOE REVIEWERS OR TO ANY OTHER IMPROPER CONDUCT
DURING THE AUDIT? WHAT WAS [REDACTED] INVOLVEMENT
AND/OR KNOWLEDGE IN ANY OF THE IMPROPER ACTIVITIES THAT

b6
b7C

b6
b7C

^PAGE 5 WMFO (46A-WF-179870 SUB UU) UNCLAS

OCCURRED AT CTI? [] SHOULD BE QUESTIONED ABOUT
HER INVOLVEMENT WITH CAMBRIDGE CHILD CARE (CCC). ARE []

[] CLAIMS THAT CCC WAS NOT ADEQUATELY SUPPORTED BY CTI
ACCURATE? WHAT DOES SHE KNOW ABOUT THE LARGE TAX LIABILITY
HER EX-HUSBAND ALLEGEDLY INCURRED TO THE INTERNAL REVENUE
SERVICE (IRS) THROUGH CCC? DOES SHE RECALL HER EX-HUSBAND
RECEIVING AN AUTOMOBILE AND A \$20,000 CHECK TO CCC FROM CTI
DURING THE FALL OF 1990? WHAT DID [] DO WITH THE
MONEY? WAS SHE AWARE OF OTHER SIGNIFICANT PAYMENTS []
[] RECEIVED FROM CTI OR [] AT ANY TIME?

WHAT IS HER RELATIONSHIP, IF ANY, WITH []

[] SHOULD BE ASKED WHETHER SHE HAS ANY ADDITIONAL

INFORMATION OF ANY NATURE WHICH COULD BE USEFUL TO THE FBI IN
ITS ASSESSMENT OF [] IF []

DISPLAYS A COOPERATIVE ATTITUDE, WMFO AGENT []

[] CAN BE CONTACTED FOR INFORMATION REGARDING OTHER AREAS TO
EXPLORE WITH HER OR TO TALK TELEPHONICALLY WITH HER. SA

[] CAN BE REACHED AT TELEPHONE NUMBER [] OR
DIGITAL PAGER NUMBER []

BT

b6
b7C

b6
b7C

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/3/95

[redacted] was telephonically contacted at his residence telephone number [redacted]. Also participating in the conference call was U.S. DEPARTMENT OF JUSTICE (DOJ) Attorney [redacted]. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

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b7C

[redacted] advised that he was born on [redacted] in Dover, Tennessee. His Social Security Account Number (SSAN) is [redacted].

[redacted] informed that he worked for CAMBRIDGE TECHNICAL INSTITUTE (CTI) from approximately August, 1985, through June, 1990. [redacted] started as a teacher at CTI's Dayton, Ohio, school. In January, 1986, he went to CTI's Middletown, Ohio, school as an instructor and then became the Director of Education for the Middletown campus. Around July, 1987, [redacted] became the Campus Director for CTI's school in Cincinnati, Ohio. In October, 1988, he was made the Campus Director for CTI's school in Dayton, Ohio. Around December, 1989, [redacted] returned to CTI's Cincinnati school as the Campus Director. [redacted] stated that he was laid off by CTI after he had a disagreement with [redacted], the President of CTI. [redacted] wanted [redacted] to both run CTI's Cincinnati campus and teach classes. [redacted] refused to handle both responsibilities. As a result, [redacted] was terminated by [redacted]. [redacted] stated that he actually asked to be laid off following his disagreement with [redacted].

In assessing CTI's operation, [redacted] commented that "he knew something wasn't right, but he was not sure what it was." [redacted] felt that there was some "hankie pankie" going on with the money. [redacted] stated that he heard rumors that required refunds of Pell Grants and Guaranteed Student Loan (GSL) funds were not being made on a timely basis.

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b7C

[redacted] mentioned that [redacted] was attempting to sell CTI machines and equipment out from under HENRY WHITESELL, the

(telephonically)

Investigation on 2/10/95 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 3/3/95

46A-WF-179870, SUB UU

Continuation of FD-302 of _____, On 2/10/95, Page 2

owner of CTI, without WHITESELL's knowledge. _____ thought he was at CTI's Dayton school at the time. _____ asked _____ to participate in the scheme and offered him a portion of the proceeds generated from selling the equipment. _____ advised that _____ took him to lunch to discuss the proposition. _____ stated that he was offered money by _____ if he _____ would sell the CTI equipment. _____ recalled _____ saying something to the effect of, "If we sell these machines, you'll get part of the action." _____ also recalled _____ saying, "If you can't buy a man, you can't trust him." _____ stated that he refused to participate in _____ scheme to sell the CTI equipment and pocket the proceeds. _____ stated that, after he refused to join _____ in the scheme to defraud WHITESELL, _____ did not trust him anymore.

b6
b7C

_____ recalled _____ mentioning that CTI was going to get some help from U.S. Congressman DONALD "BUZ" LUKENS. _____ remembered _____ making the remark about LUKENS around the time of a meeting at CTI's corporate headquarters in Cincinnati, Ohio. _____ believed the meeting occurred toward the end of his tenure with CTI. _____ thought _____ might have mentioned LUKENS' proposed assistance to CTI while they were waiting before the meeting rather than during the actual meeting. _____ recalled _____ saying that "BUZ" was going to help CTI with problems concerning lawsuits against CTI's schools in Cleveland and Cincinnati. _____ advised that he was aware of several problems involving CTI's Cleveland school. The troubles, which were documented in newspaper stories carried in the Cleveland Plain Dealer included problems with bus tickets, discrepancies in student enrollments, and problems with a court reporting class. _____ stated that, while he has no evidence that LUKENS was paid by CTI for his services, he was confident that LUKENS was not providing assistance for free. _____ commented that he would be surprised if LUKENS was not paid.

b6
b7C

_____ was asked about the possibility that CTI listed "ghost" students on their records in order to collect additional financial aid monies. _____ stated that he did not engage in this practice and did not have personal knowledge of CTI receiving financial aid funds for nonexistent students. However, _____ felt that records were manipulated at CTI's corporate office to allow CTI to draw financial aid monies in excess of what they were entitled to. _____ explained that instructors at the CTI campuses kept grade and attendance records at the individual schools.

46A-WF-179870, SUB UU

Continuation of FD-302 of [REDACTED]

, On 2/10/95, Page 3

These records were put into files or big notebook folders and maintained at the schools. CTI also maintained files containing records pertaining to individual students. [REDACTED] advised that WHITESELL sometimes requested that certain files be sent to CTI's corporate office. [REDACTED] remembered this happening when he was at CTI's Dayton school. It was [REDACTED]'s opinion that WHITESELL wanted such records at the CTI corporate office so that he and his associates could "tinker" with them. [REDACTED] clarified that he believed they would alter the records to allow more financial aid monies to be drawn by CTI on the students listed in the files. [REDACTED] commented that any business involving "ghost" students was all done at CTI's corporate office.

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[REDACTED] advised that CTI had quotas for targeted numbers of students to be enrolled at the different schools. [REDACTED] stated that he would receive a bonus if his school met its quota for student enrollment. [REDACTED] commented that he rarely received bonuses for meeting the quotas. [REDACTED] recalled that CTI's enrollment dropped during 1990.

[REDACTED] stated that he did not have much association with CTI's corporate office. [REDACTED] identified [REDACTED] as the person he generally dealt with from CTI's corporate office. [REDACTED] informed that [REDACTED] handled education.

[REDACTED] was asked about CTI's methods for obtaining signature endorsements on students' GSL checks. [REDACTED] advised that the GSL checks would be received at the various CTI schools. Personnel at the schools would try to get the checks signed by the individual students when they attended classes. They would send the signed checks back to CTI's corporate office. If the students did not come to class and the schools could not get endorsements, the checks would be sent back to the corporate office. [REDACTED] stated that he was unsure what was done with the unendorsed GSL checks after they were returned to CTI's corporate office. [REDACTED] heard that some CTI employees were given GSL checks for students who had not shown up to endorse them and directed to go out and get endorsements on the checks. [REDACTED] identified [REDACTED] as one of the CTI employees who did this. [REDACTED] commented that any questionable practices promoted by CTI to attain signature endorsements on GSL checks were handled through CTI's corporate office.

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Continuation of FD-302 of _____, On 2/10/95, Page 4

_____ was questioned about his knowledge concerning a program review of CTI conducted by the U.S. DEPARTMENT OF EDUCATION (DOE) during August, 1990. _____ recalled that the auditors came to CTI's Dayton campus to check the books and records of the school. _____ explained that, after he left CTI in June of 1990, he later returned to help _____ get acclimated to the position of Campus Director at CTI's Dayton school. _____ wife, _____, was also working at CTI's Dayton campus. _____ advised that his wife had joined him at the Dayton CTI school to help him out when he was the Campus Director there. She remained at CTI's Dayton school when _____ moved to the CTI campus in Cincinnati. Both _____ and his wife were present when the regulatory officials showed up to conduct the program review. When the reviewers arrived, _____ wife called WHITESELL. WHITESELL told her not to let the reviewers see anything. _____ stated that the reviewers then left, apparently to go to CTI's corporate office in Cincinnati.

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_____ advised that, a short time after the regulatory officials arrived, _____ came to the Dayton campus of CTI and "fooled" with the records. _____ did not know what _____ was doing with the records. _____ thought _____ and WHITESELL were tampering with CTI's financial records. _____ stated that he heard rumors that, during the period of the program review, CTI personnel were trying to create fraudulent records to match financial aid funds improperly received by CTI.

_____ advised that, sometime around the period of the DOE program review of CTI, _____ terminated _____ and his wife from their association with CTI. _____ forced the _____ to leave the building in which CTI's Dayton school was located.

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_____ was aware that _____ a former CTI student, was beaten up. _____ had registered complaints against CTI. _____ stated that, although no one actually admitted anything to him, he suspects that _____ had _____ beaten up.

_____ described _____ as a "greedy little bugger" who would "promise you anything to get you to do something for him."

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Continuation of FD-302 of [REDACTED], On 2/10/95, Page 5

[REDACTED] stated that [REDACTED] kept a gun in his briefcase.

[REDACTED] commented that [REDACTED] brother, [REDACTED] was capable of violent behavior. [REDACTED] recalled [REDACTED] saying that his brother could "take care of" people and problems for him.

[REDACTED] recalled hearing a rumor that [REDACTED] had cancer. [REDACTED] heard about [REDACTED] alleged cancer sometime after he had left CTI.

[REDACTED] advised that he used a company car for some of the time he was employed with CTI. He thought the first company car he had was possibly a Ford. [REDACTED] later drove a Chevrolet Cavalier. [REDACTED] had to give back his company car when he left CTI. [REDACTED] was not permitted to keep the car.

[REDACTED] identified [REDACTED] as him son. [REDACTED] spent some time working for CTI.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/6/95

[redacted] was contacted at her residence telephone number [redacted] is the wife of [redacted]. Also participating in the conference call was U.S. DEPARTMENT OF JUSTICE (DOJ) Attorney [redacted]. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

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[redacted] informed that she was born on [redacted] in Franklin, Ohio. Her Social Security Account Number is [redacted].

[redacted] advised that she formerly worked for CAMBRIDGE TECHNICAL INSTITUTE (CTI). She started out working at CTI's location in Middletown, Ohio. [redacted] accompanied her husband when her was assigned to CTI's schools in Dayton and Cincinnati, Ohio. When [redacted] husband was transferred to CTI's Cincinnati campus around late 1989, she remained at the Dayton school.

[redacted] handled several responsibilities for CTI. She kept track of the attendance of students at CTI. [redacted] posted teachers' attendance records and grades to the files for individual students. [redacted] also helped with registration, counseled students, and performed other tasks that needed to be done.

[redacted] stated that, around the beginning of 1990, she started noticing significant problems at CTI. [redacted] cited problems students were having obtaining income tax refunds. The students were not receiving the money to which they were entitled, because government records reflected that they owed outstanding student loans. Students would complain to [redacted] that they were listed as owing debts they were not even aware of. [redacted] would check CTI's records for the students. In many instances, the records had been sent to CTI's corporate office in Cincinnati.

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(telephonically)

Investigation on 2/10/95 at Falls Church, Virginia File # 46A-WF-179870, SUB UUby SA [redacted] Date dictated 3/6/95

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Continuation of FD-302 of [REDACTED], On 2/10/95, Page 2

[REDACTED] reiterated that she kept attendance for the CTI students. She recalled that some students were characterized as "enter onlies," meaning that they immediately dropped out of school after enrolling at CTI. When [REDACTED] sent records to CTI's corporate office, the appropriate students were classified as "enter onlies." [REDACTED] stated that, when she received records back from the corporate office at a later date, some of the "enter onlies" had attendance listed for them. [REDACTED] concluded that the records were being manipulated at CTI's corporate office for the purpose of making it falsely appear that some students had attended classes when they were not actually in school. [REDACTED] advised that she kept some master books from her employment at CTI. The records show discrepancies between her attendance figures and records handled at CTI's corporate office. For example, [REDACTED] attendance records show that some students were not in school at CTI. Records from the CTI corporate office indicate that Pell Grants and financial aid monies were drawn on some of these students.

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[REDACTED] indicated that there were also problems with students who had dropped out of CTI three times being listed on CTI records for the purpose of drawing financial aid. [REDACTED] stated that students who had dropped three times were not supposed to be permitted to return to CTI.

[REDACTED] was questioned about a program review of CTI conducted by the U.S. DEPARTMENT OF EDUCATION (DOE) during August, 1990. She recalled that reviewers came to the Dayton campus of CTI where she was working. When they arrived, [REDACTED] was on the telephone talking to CTI's corporate office. HENRY WHITESELL got on the line and gave instructions not to let the reviewers see anything.

[REDACTED] advised that, pursuant to the program review, it was necessary for records to be sent back from CTI's corporate office to the Dayton campus. [REDACTED] noticed that some of the records sent back to Dayton contained different information than when they were sent to the corporate office. [REDACTED] indicated that there were discrepancies with some of the figures and other information.

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[REDACTED] recalled an instance sometime after the DOE program review when she was at an apartment in Hamilton, Ohio, where some CTI employees were working for [REDACTED] She

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Continuation of FD-302 of [REDACTED], On 2/10/95, Page 3

[REDACTED] recalled that [REDACTED] was going through CTI's records to determine how much money everyone was making. [REDACTED] stated that [REDACTED] was very upset when he learned how much money WHITESELL was receiving in comparison to what he was making. [REDACTED] was not happy that WHITESELL was receiving significantly more money than him. [REDACTED] advised that, after [REDACTED] learned about WHITESELL making more money than him, he started selling CTI computers to make more money for himself. [REDACTED] commented that WHITESELL "was not around much longer" (i.e., was not alive much longer) after [REDACTED] discovered that disparity in the amounts of money he and WHITESELL were drawing from CTI. [REDACTED] stated that it was her impression that [REDACTED] would not have been upset about what was going on at CTI or that WHITESELL was receiving a lot of money as long as he [REDACTED] was getting his share of the money.

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[REDACTED] advised that, sometime around September, 1990, [REDACTED] ordered her and her husband to leave the CTI premises. [REDACTED] stated that she had asked questions about why CTI's records showed students owing money when they had not even attended school, and that she had voiced concerns about records being altered. [REDACTED] stated that her questions and concerns apparently got back to [REDACTED] had [REDACTED] escort [REDACTED] and her husband out of the CTI building.

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[REDACTED] stated that she thought RALPH TURNER died around June, 1990.